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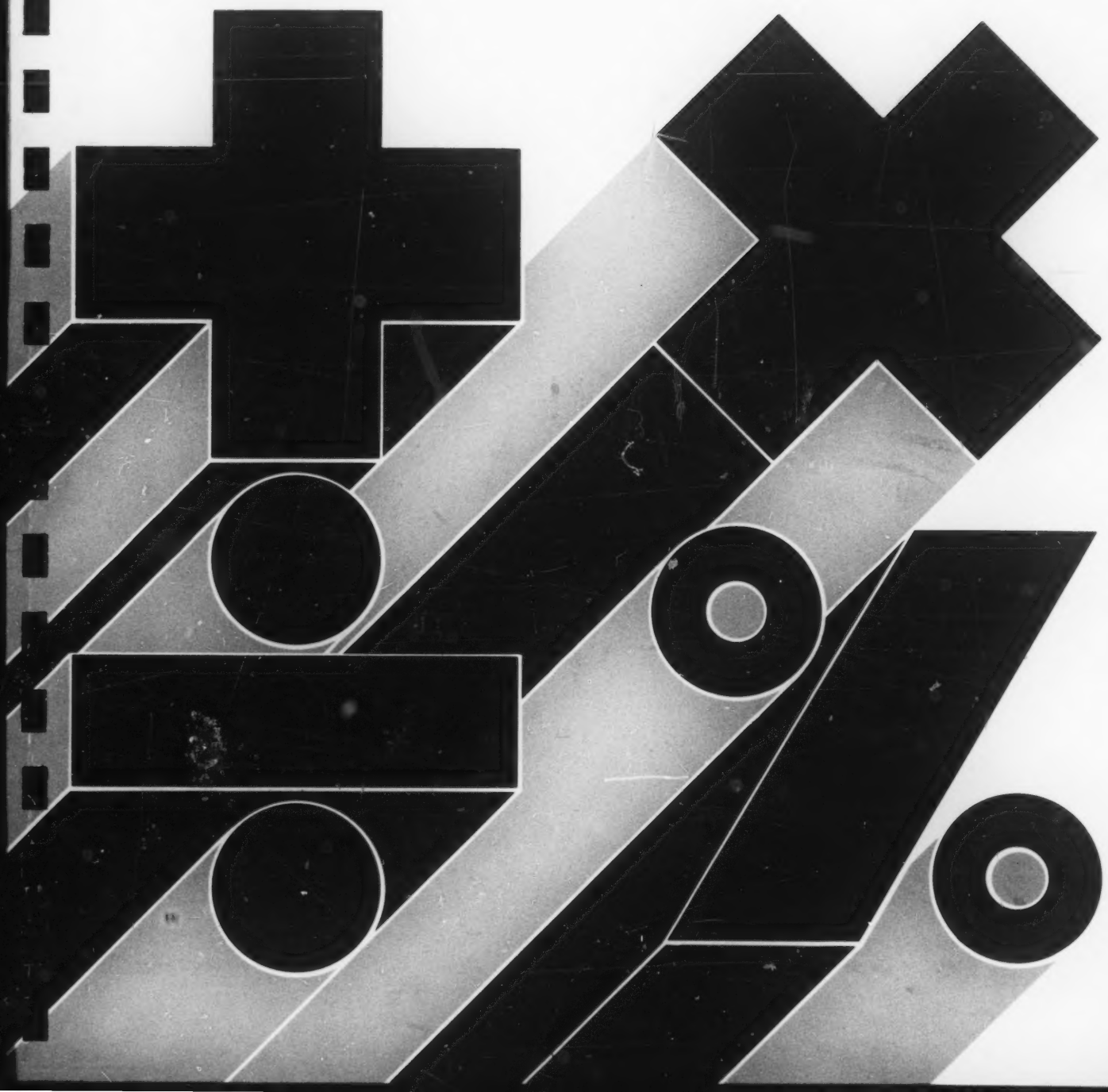
Ratio Study

1986–87 Edition

International Business Forms Industries, Inc.



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1986-87 ANNUAL RATIO STUDY

Prepared at the direction of the IBFI Financial Management & Economic Research Committee of International Business Forms Industries, Inc., for the benefit of the Industry and its customers.

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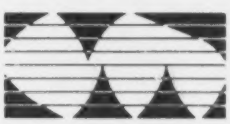

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NOTE TO PARTICIPANTS

This report was prepared with the assistance of Garrison, Mathieson, Cosgray & Falk, Certified Public Accountants. KLM Associates, a research and consulting firm, assisted with the tabulation of study results.

Throughout the production of this report, every possible step has been taken to ensure the confidentiality of participants' financial data. While Garrison, Mathieson, Cosgray & Falk did not audit the source data used to prepare the various schedules in this report, they did review the data for completeness, accuracy and plausability. Where necessary, participants were contacted on questionable items. Ninety companies participated in the survey; all participants received individual reports prepared in confidence.

This study was conducted according to the IBFI Guidelines for Research Programs. Published data does not include information based on fewer than three responses nor does it include information in which more than 60 percent of the observed variable is due to a single response. The criteria used to determine which companies fall in the Leaders category is return on sales (income before tax as a percent of sales) of at least 8%.

Please remember to use care in comparing the data in this report with that in reports published in previous years. Although the bulk of the participants make an annual response to this survey, in any given category the sample can change quite significantly from one year to the next.

EXECUTIVE SUMMARY

In 1986 forms manufacturers in the U.S. were forced to cope with three paper price increases and the less-than-booming performance of the U.S. economy (real GNP growth of 2.9%). In addition, price competition in the stock continuous segment was particularly brutal throughout the year.

Despite these obstacles, gross profit margins for firms participating in the IBFI Ratio Study edged up slightly over the previous year--from 25.2% to 26.7%. This improvement was mainly attributable to a better overall pricing climate in the industry; for example, for all of 1986, the Bureau of Labor Statistics' producer price index for manifold business forms showed an increase of 6.2%, compared to virtually no price increase in the prior year.

On the expense side, the news was less positive: among industry leaders participating in the Ratio Study, selling expense climbed to 13.4% of their value of production. This contributed to a drop in their operating income from 10.1% in 1985 to 9.2% in 1986. Consequently, pretax return on sales for leaders fell to 8.2% (from 9.8% in '85); this measure increased slightly to 6.0% for all firms in the survey.

Return on investment (ROI) decreased from the previous year for both leaders and all firms. For the latter, ROI dropped from 9.75% in 1985 to 9.21% in '86. For leaders, ROI fell from 15.5% to 13.3%. The figures below show the trend in this indicator since 1980.

ROI for IBFI Ratio Study Participants

	All Firms	Leaders
1980	15.0%	21.2%
1981	11.0%	19.6%
1982	8.4%	17.3%
1983	10.2%	16.5%
1984	10.1%	16.6%
1985	9.8%	15.5%
1986	9.2%	13.3%

The decreasing profitability shown above is the signature of a maturing industry. Equally, the financial ratios presented in this report paint the picture of an industry with a healthy balance sheet; one whose leading companies are poised to invest in new equipment, new technology and in the training and development of personnel. For the foreseeable future, such investments will be necessary in order for these companies to remain competitive.

I. INTRODUCTION

Ninety companies responded to this survey, representing about 18% of the companies in the U.S. forms industry and 23% of industry shipments.*

Over 85% of sales were generated by companies with annual sales over $8 million. These firms also earned 90% of the profits among the firms participating in this study.

The average company in the sample earned 6.0% on sales; for the 41 companies that qualifed as profit leaders, return on sales averaged 8.2%. (Profit leaders must have return on sales of 8% or better.)

The most profitable category was firms with annual sales between $8-15 million; these companies earned a pretax profit of 8.7% and achieved a 12.2% return on investment.

The accompanying table summarizes the total values of key variables for the participating companies.

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* Of the 90 participants, 9 were Canadian firms; data for these companies were re-stated in U.S. dollars and combined with the rest of the sample.

ABSOLUTE DATA

	# of Firms	Total Sales	Value of Production	Pretax Net Income	Total Assets	Workers
ALL FIRMS	90	1,423,367,276	1,416,144,420	85,301,073	742,306,359	15,353
By Company Size						
Under $3 million	12	20,178,978	20,086,473	353,796	9,883,294	333
$3-8 million	35	190,357,706	181,384,645	8,238,121	92,831,467	2,581
$8-15 million	22	239,983,090	239,641,353	20,939,580	136,109,858	2,522
Over $15 million	21	981,638,280	975,031,948	55,769,577	503,481,740	9,917
By Distribution Channel						
Direct	36	874,674,787	866,989,339	48,144,213	406,409,771	9,143
Indirect	50	436,394,477	436,505,749	30,287,275	238,497,146	5,412
Combination	4	112,298,012	112,649,332	6,869,585	97,399,442	798
By Product						
Custom Continuous						
Direct	4	61,602,644	57,128,971	3,608,801	34,062,678	640
Indirect	26	253,756,773	287,462,201	23,765,144	166,338,871	2,964
Unit Sets						
Direct	2	32,308,292	32,329,685	2,246,560	17,201,969	471
Indirect	8	33,655,361	33,685,144	1,822,165	16,133,242	464
Mixed Product						
Direct	30	780,763,851	777,530,683	42,288,852	355,145,124	8,032
Indirect	16	148,982,343	115,358,404	4,699,966	56,025,033	1,984
Stock Continuous						
Direct	0					
Indirect	0					
By Order Size						
0 - 10,000	20	361,256,509	359,561,258	12,754,374	157,195,624	3,939
10 - 25,000	52	684,547,532	686,712,104	52,917,173	403,165,493	6,549
25 - 50,000	12	258,537,725	250,441,783	14,196,894	119,235,062	3,629
50 - 100,000	3	49,572,615	50,446,930	2,893,053	22,607,476	621
Over 100,000	3	69,452,895	68,982,345	2,477,579	40,102,704	615

II. SUMMARY STATISTICS

The following tables present summary statistics for all companies participating in the survey. Statistics are presented for all firms, and are broken down by sales volume, primary product line, and primary distribution channel.

NOTES ON COMPUTING RATIOS

Gross plant investment is the total of all fixed assets before depreciation. Investment used to compute ROI is gross plant investment plus current assets.

Inventory turnover is expressed as times per year. It is total value of production divided by total inventories.

Days raw materials in inventory is computed by dividing raw materials inventory by total materials used multiplied by 365 days.

Collection days of receivables is computed by dividing accounts receivable by value of production divided by 365 days.

Cash flow ROI is computed by multiplying pretax income by 50% and adding depreciation. Net losses are deducted from depreciation.

Debt/Equity ratio refers to long-term debt only.

Other ratios are self-explanatory. The Chart of Accounts (Appendix B) provides a description of the items included in each account.

	IBFI ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	91.71	90.11
OUTSIDE PURCHASES	8.29	9.89
VALUE OF PRODUCTION	100.00	100.00
COST OF PRODUCTION		
MATERIALS		
PAPER	34.38	32.80
CARBON	2.96	2.57
OTHER	2.39	2.01
OUTSIDE FINISHED PRODUCT	3.87	3.50
TOTAL MATERIALS USED	43.59	40.88
FACTORY PAYROLL		
SUPERVISORY SALARIES	2.11	2.18
WAGES DIRECT		
PREPRESS	2.02	2.12
PRESS	5.22	4.96
COLLATOR OPERATORS	2.82	3.15
GENERAL BINDERY	1.05	1.09
TOTAL DIRECT WAGES	11.11	11.32
DIRECT OVERTIME WAGES	0.81	0.86
GEN. FACTORY SAL. & WAGES	1.99	1.62
PACK, SHIP & DEL. WAGES	0.96	0.90
PAYROLL TAXES	1.33	1.26
EMPLOYEE BENEFITS	2.08	2.10
TOTAL FACTORY PAYROLL	19.59	19.38
FACTORY FIXED EXPENSES		
OCCUPANCY EXPENSE	1.80	1.83
INSURANCE	0.51	0.63
TAXES	0.65	0.83
DEPRECIATION	2.53	2.52
TOTAL FACTORY FIXED EXP.	5.50	5.82
OTHER FACT. SUPPLIES & EXP.	4.92	4.63
TOTAL FACTORY EXPENSE	10.42	10.45
TOTAL COST OF PRODUCTION	73.60	70.71
GROSS PROFIT-FORMS MFG.	26.40	29.29
OTHER OPERATIONS		
VALUE-OTHER PROD./SERVICES	1.10	0.68
COST-OTHER PROD./SERVICES	0.78	0.48
GROSS PROFIT-OTHER PROD/SER.	0.32	0.20
TOTAL GROSS PROFIT-ALL OPER.	26.72	29.49

	IBFI ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES		
EXECUTIVE SALARIES	1.54	1.37
OFFICE SALARIES	1.76	1.85
PAYROLL TAXES	0.39	0.50
EMPOYEE BENEFITS	0.45	0.49
GENERAL OFFICE EXPENSE	2.54	2.49
BAD DEBTS	0.30	0.26
TOTAL ADMIN. EXPENSE	6.97	6.96
SELLING EXPENSE		
EXECUTIVE SALARIES	0.87	0.66
SALESMEN SAL. & COMMISS.	5.69	6.49
SALES-CLERICAL SALARIES	1.15	1.28
PAYROLL TAXES	0.42	0.40
EMPLOYEE BENEFITS	0.67	0.74
TRAVEL & ENTER. EXPENSE	0.53	0.47
GENERAL SELLING EXP.	2.10	2.36
SHIPPING & DEL. EXP.	0.84	0.70
ADVERTISING	0.30	0.26
TOTAL SELLING EXPENSE	12.57	13.36
TOTAL ADMINISTRATIVE & SELLING COST	19.53	20.32
OPERATING INCOME (LOSS)	7.18	9.18
OTHER INCOME & EXPENSE		
GROSS PROCEEDS-SCRAP SALE	0.22	0.22
OTHER INCOME	0.69	0.67
TOTAL OTHER INCOME	0.90	0.89
INTEREST EXPENSE	1.52	1.36
OTHER EXPENSE	0.54	0.52
TOTAL OTHER EXPENSE	2.06	1.88
NET OTHER INCOME (EXPENSE)	-1.16	-0.99
NET INCOME (LOSS) BEFORE TAXES	6.02	8.19
NUMBER OF COMPANIES	90	41

	IBFI ALL FIRMS	LEADERS
CURRENT ASSETS		
CASH	4.07	5.21
NOTES & ACCTS RECEIVABLE	26.68	27.93
LESS ALLOW. FOR BAD DEBTS	0.66	0.68
NET RECEIVABLES	26.02	27.25
INVENTORIES		
RAW MATERIALS	9.62	10.36
FINISHED PRODUCTS	6.55	6.99
WORK IN PROCESS	2.65	2.80
OTHER	0.27	0.20
TOTAL INVENTORIES	19.09	20.34
OTHER CURRENT ASSETS	9.88	2.60
TOTAL CURRENT ASSETS	59.06	55.41
FIXED ASSETS		
REAL ESTATE	11.61	13.51
LESS ALLOW FOR DEPR.	2.49	3.03
NET REAL ESTATE	9.12	10.48
MACHINERY & EQUIPMENT	49.94	49.02
LESS ALLOW FOR DEPR.	25.82	24.45
NET MACH. & EQUIP.	24.12	24.57
OTHER FIXED ASSETS	4.12	4.15
LESS ALLOW FOR DEPRE.	1.98	1.80
NET OTHER FIXED ASSETS	2.14	2.35
TOTAL FIXED ASSETS	35.38	37.40
OTHER ASSETS	5.56	7.19
TOTAL ASSETS	100.00	100.00
CURRENT LIABILITIES		
NOTES PAYABLE (ONE YEAR)	5.81	3.30
ACCOUNTS PAYABLE	11.27	10.21
OTHER CURRENT LIABILITIES	7.03	7.21
TOTAL CURRENT LIABILITIES	24.10	20.73
LONG-TERM DEBT	15.28	11.67
OTHER LONG-TERM LIABIL.	3.70	3.74
TOTAL LONG-TERM LIABIL.	18.98	15.41
TOTAL LIABILITIES	43.08	36.14
TOTAL NET WORTH	56.92	63.86
TOTAL LIABILITIES & NET WORTH	100.00	100.00

	IBFI ALL FIRMS	LEADERS
EMPLOYEES		
PERCENT FACTORY	65.75	62.67
PERCENT ADMINISTRATIVE	16.90	18.59
PERCENT SALES	18.38	18.73
PRODUCTIVITY		
SALES/GROSS PLANT INVESTMENT	2.91	2.98
SALES/FACTORY EMPLOYEE	145912.44	152126.39
SALES/ADMIN. EMPLOYEE	558696.36	512768.93
SALES/SALES EMPLOYEE	513628.04	509008.98
SALES/ALL EMPLOYEES	94426.56	95344.52
SALES LESS MAT./FACT. EMP.	82304.93	89942.49
FINANCIAL POSITION		
CURR ASSETS VS CURR LIABIL.	2.45	2.67
LIABILITIES VS NET WORTH	0.76	0.61
DEBT VS EQUITY	0.27	0.18
PAYROLL		
PAYROLL/FACTORY EMPLOYEE	23603.76	24369.32
PAYROLL/ADMIN. EMPLOYEE	18422.80	16520.09
PAYROLL/SALES EMPLOYEE	39569.53	42894.89
PAYROLL/EMPLOYEE	25663.30	26379.93
PREPRESS % OF FACT. PAYROLL	10.33	10.94
PRESS % OF FACTORY PAYROLL	31.23	25.61
COLL. OPER. % OF FACT. PAY.	15.10	16.24
GEN. BINDERY % OF FACT. PAY.	5.38	5.61
OVERTIME WAGE % OF FACT. PAY.	4.16	4.41
TAXES AND BENEFITS		
TAX & BENE./FACTORY EMP.	4979.21	5111.65
TAX & BENE./ADMIN. EMP.	4668.62	5057.93
TAX & BENE./SALES EMP.	5055.14	5918.82
TAX & BENE./EMPLOYEE	5046.54	5238.74
ASSET TURNOVER		
INVENTORY TURNOVER TIMES/YR	9.99	9.76
DAYS RAW MAT. IN INVENTORY	42.21	46.58
COLLECTION DAYS OF RECEIV.	49.79	50.10
INVESTMENT		
NET WORTH % OF FIXED ASSETS	192.84	170.73
AVG PLANT INVEST/FACT. EMP.	50219.71	51094.89
PROFIT		
GROSS PROFIT % OF SALES	26.72	29.49
INCOME BEFORE TAX % OF SALES	6.02	8.19
PROFIT % OF NET WORTH	19.05	25.45
CASH FLOW (ROI)	8.48	10.76
RETURN ON INVESTMENT	9.21	13.31

	UNDER $3 MILLION		$3 - $8 MILLION		$8 - $15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	95.70	97.75	96.13	97.15	92.31	94.44	90.66	88.21
OUTSIDE PURCHASES	4.30	2.25	3.87	2.85	7.69	5.56	9.34	11.79
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	33.35	32.59	32.34	32.97	30.97	32.44	35.62	32.85
CARBON	3.49	2.01	3.96	3.95	2.77	2.97	2.81	2.30
OTHER	2.56	1.70	2.66	2.94	2.66	2.83	2.26	1.71
OUTSIDE FINISHED PRODUCT	3.48	1.71	3.18	2.67	6.39	5.67	3.38	3.19
TOTAL MATERIALS USED	42.88	38.01	42.14	42.53	42.79	43.91	44.07	40.06
FACTORY PAYROLL								
SUPERVISORY SALARIES	2.68	4.52	2.37	2.25	2.40	2.65	1.98	2.06
WAGES DIRECT								
PREPRESS	2.57	2.58	2.46	2.09	1.98	1.79	1.94	2.19
PRESS	6.82	7.97	6.12	6.01	5.02	4.96	5.06	4.88
COLLATOR OPERATORS	3.10	1.79	3.47	3.80	3.06	3.25	2.63	3.04
GENERAL BINDERY	2.07	1.86	1.11	0.93	1.12	1.19	1.01	1.08
TOTAL DIRECT WAGES	14.55	14.20	13.16	12.84	11.18	10.80	10.64	11.19
DIRECT OVERTIME WAGES	0.56	0.21	0.76	0.77	0.95	0.76	0.80	0.89
GEN. FACTORY SAL. & WAGES	2.44	1.81	1.86	1.79	1.98	1.51	2.01	1.62
PACK, SHIP & DEL. WAGES	1.03	1.04	0.90	0.92	0.72	0.95	1.03	0.97
PAYROLL TAXES	1.73	1.21	1.64	1.62	1.37	1.38	1.25	1.19
EMPLOYEE BENEFITS	1.69	2.88	2.11	2.31	2.09	2.01	2.08	2.08
TOTAL FACTORY PAYROLL	24.12	25.67	22.05	21.72	19.74	18.90	19.00	19.10
FACTORY FIXED EXPENSES								
OCCUPANCY EXPENSE	3.24	1.81	2.09	1.93	1.81	1.65	1.71	1.85
INSURANCE	0.55	0.29	0.45	0.46	0.28	0.27	0.58	0.73
TAXES	0.46	0.56	0.39	0.48	0.45	0.49	0.75	0.96
DEPRECIATION	3.13	2.89	3.68	3.41	2.87	3.45	2.22	2.21
TOTAL FACTORY FIXED EXP.	7.38	5.55	6.61	6.28	5.42	5.85	5.27	5.75
OTHER FACT. SUPPLIES & EXP.	4.27	2.66	5.07	4.83	4.45	4.39	5.02	4.67
TOTAL FACTORY EXPENSE	11.64	8.22	11.68	11.11	9.87	10.24	10.29	10.42
TOTAL COST OF PRODUCTION	78.65	71.89	75.87	75.37	72.40	73.05	73.37	69.58
GROSS PROFIT-FORMS MFG.	21.35	28.11	24.13	24.63	27.60	26.95	26.63	30.42
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	0.52	2.20	0.14	0.05	2.94	0.39	0.83	0.82
COST-OTHER PROD./SERVICES	0.42	1.77	0.08	0.07	1.89	0.07	0.64	0.61
GROSS PROFIT-OTHER PROD/SER.	0.10	0.43	0.07	-0.02	1.05	0.32	0.19	0.21
TOTAL GROSS PROFIT-ALL OPER.	21.45	28.54	24.20	24.62	28.65	27.26	26.82	30.63

	UNDER $3 MILLION		$3 - $8 MILLION		$8 - $15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	4.03	3.97	3.10	2.56	2.04	2.02	1.07	1.06
OFFICE SALARIES	3.05	0.91	2.11	1.81	1.78	1.19	1.66	2.00
PAYROLL TAXES	0.38	*	0.40	0.37	0.24	0.25	0.42	0.57
EMPOYEE BENEFITS	0.44	0.39	0.52	0.62	0.33	0.27	0.46	0.52
GENERAL OFFICE EXPENSE	3.04	4.02	2.88	2.62	2.90	2.32	2.37	2.49
BAD DEBTS	0.25	0.23	0.21	0.24	0.19	0.09	0.34	0.30
TOTAL ADMIN. EXPENSE	11.19	9.53	9.23	8.23	7.47	6.14	6.33	6.92
SELLING EXPENSE								
EXECUTIVE SALARIES	0.61	0.82	1.22	1.03	1.13	0.91	0.74	0.56
SALESMEN SAL. & COMMISS.	1.64	1.49	2.50	1.70	5.35	4.14	6.45	7.67
SALES-CLERICAL SALARIES	1.17	2.75	1.49	1.43	1.01	1.09	1.12	1.28
PAYROLL TAXES	0.14	*	0.35	0.23	0.49	0.44	0.43	0.42
EMPLOYEE BENEFITS	0.12	0.14	0.41	0.35	0.55	0.52	0.76	0.85
TRAVEL & ENTER. EXPENSE	0.43	0.68	0.59	0.52	0.77	0.55	0.46	0.44
GENERAL SELLING EXP.	0.47	0.24	1.36	1.09	1.62	1.17	2.39	2.79
SHIPPING & DEL. EXP.	0.84	1.18	0.95	0.92	0.99	0.61	0.78	0.69
ADVERTISING	0.32	0.26	0.48	0.54	0.26	0.27	0.28	0.22
TOTAL SELLING EXPENSE	5.74	7.54	9.35	7.81	12.17	9.69	13.40	14.91
TOTAL ADMINISTRATIVE & SELLING COST	16.93	17.07	18.59	16.04	19.65	15.83	19.73	21.84
OPERATING INCOME (LOSS)	4.52	11.47	5.61	8.58	9.00	11.43	7.09	8.79
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.13	0.01	0.26	0.31	0.25	0.22	0.20	0.21
OTHER INCOME	0.43	0.07	0.97	1.35	1.29	1.77	0.49	0.36
TOTAL OTHER INCOME	0.55	0.07	1.24	1.65	1.54	1.99	0.69	0.56
INTEREST EXPENSE	1.85	2.46	1.55	1.27	1.32	0.86	1.56	1.46
OTHER EXPENSE	1.47	0.64	0.76	1.25	0.49	0.62	0.50	0.40
TOTAL OTHER EXPENSE	3.31	3.10	2.31	2.51	1.80	1.48	2.06	1.86
NET OTHER INCOME (EXPENSE)	-2.76	-3.03	-1.07	-0.86	-0.27	0.51	-1.37	-1.30
NET INCOME (LOSS) BEFORE TAXES	1.76	8.45	4.54	7.71	8.74	11.94	5.72	7.50
NUMBER OF COMPANIES	12	3	35	15	22	12	21	11

* Respondents combined payroll taxes with employee benefits.

	UNDER $3 MILLION		$3 - $8 MILLION		$8 - $15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
CURRENT ASSETS								
CASH	2.00	1.58	5.93	5.03	13.30	20.68	1.28	1.02
NOTES & ACCTS RECEIVABLE	24.61	26.18	24.98	24.24	24.16	18.63	27.72	31.09
LESS ALLOW. FOR BAD DEBTS	0.20	0.44	0.56	0.59	0.48	0.18	0.74	0.84
NET RECEIVABLES	24.40	25.74	24.42	23.65	23.69	18.45	26.98	30.25
INVENTORIES								
RAW MATERIALS	17.69	13.77	12.09	11.47	8.95	8.58	9.18	10.64
FINISHED PRODUCTS	1.41	2.59	2.02	1.56	4.92	3.19	7.93	8.93
WORK IN PROCESS	1.58	0.89	2.07	1.56	3.70	4.32	2.49	2.59
OTHER	0.00	0.00	0.13	0.11	0.65	0.14	0.20	0.24
TOTAL INVENTORIES	20.68	17.25	16.30	14.69	18.22	16.24	19.81	22.39
OTHER CURRENT ASSETS	1.21	0.51	2.62	2.92	4.11	6.07	12.95	1.62
TOTAL CURRENT ASSETS	48.29	45.08	49.27	46.29	59.32	61.45	61.01	55.29
FIXED ASSETS								
REAL ESTATE	13.06	23.16	12.13	10.71	11.74	8.99	11.44	15.12
LESS ALLOW FOR DEPR.	2.94	3.18	3.75	2.80	2.62	3.03	2.21	3.07
NET REAL ESTATE	10.12	19.98	8.38	7.91	9.13	5.96	9.23	12.05
MACHINERY & EQUIPMENT	75.88	55.08	72.14	60.15	50.09	50.42	45.29	46.81
LESS ALLOW FOR DEPR.	43.24	26.59	41.43	31.43	27.17	26.98	22.24	22.62
NET MACH. & EQUIP.	32.64	28.48	30.71	28.72	22.93	23.44	23.06	24.19
OTHER FIXED ASSETS	7.05	5.58	6.17	6.13	5.17	5.52	3.40	3.44
LESS ALLOW FOR DEPRE.	4.38	2.47	3.70	3.60	2.63	2.63	1.44	1.28
NET OTHER FIXED ASSETS	2.68	3.12	2.47	2.54	2.54	2.89	1.96	2.17
TOTAL FIXED ASSETS	45.44	51.58	41.56	39.17	34.59	32.29	34.25	38.41
OTHER ASSETS	6.27	3.33	9.16	14.54	6.09	6.27	4.74	6.30
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE (ONE YEAR)	8.15	8.70	9.00	7.04	7.41	3.96	4.74	2.49
ACCOUNTS PAYABLE	13.63	12.39	11.13	8.10	9.88	8.75	11.62	10.93
OTHER CURRENT LIABILITIES	3.09	4.78	6.18	7.35	8.72	7.03	6.80	7.26
TOTAL CURRENT LIABILITIES	24.87	25.87	26.32	22.49	26.01	19.74	23.16	20.68
LONG-TERM DEBT	34.77	35.99	20.65	16.12	13.55	10.91	14.37	10.97
OTHER LONG-TERM LIABIL.	3.96	1.19	3.36	4.43	5.77	3.21	3.20	3.80
TOTAL LONG-TERM LIABIL.	38.73	37.19	24.01	20.54	19.32	14.13	17.57	14.77
TOTAL LIABILITIES	63.60	63.06	50.32	43.04	45.33	33.86	40.74	35.45
TOTAL NET WORTH	36.40	36.94	49.68	56.96	54.67	66.14	59.26	64.55
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	UNDER $3 MILLION		$3 - $8 MILLION		$8 - $15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
EMPLOYEES								
PERCENT FACTORY	85.81	78.21	74.18	73.07	73.44	73.27	61.22	58.52
PERCENT ADMINISTRATIVE	17.42	11.54	13.02	13.03	14.75	10.93	18.40	21.22
PERCENT SALES	8.11	10.26	14.22	13.91	16.03	15.80	20.38	20.26
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	2.12	2.34	2.16	2.41	2.63	2.39	3.22	3.25
SALES/FACTORY EMPLOYEE	80993.84	77901.69	105265.85	110063.87	134326.61	130089.85	163862.30	167998.59
SALES/ADMIN. EMPLOYEE	346318.50	528000.33	588529.02	617360.13	630353.14	871759.52	545210.11	463388.06
SALES/SALES EMPLOYEE	743943.44	594000.38	538728.94	578318.86	579970.59	603335.34	492375.72	485142.71
SALES/ALL EMPLOYEES	60319.74	60923.12	76598.25	80420.87	92978.67	95314.77	100322.97	98012.00
SALES LESS MAT./FACT. EMP.	46265.54	48293.21	60902.36	63256.59	76846.41	72967.41	91641.40	100701.16
FINANCIAL POSITION								
CURR ASSETS VS CURR LIABIL.	1.94	1.74	1.87	2.06	2.28	3.11	2.63	2.67
LIABILITIES VS NET WORTH	0.68	0.70	0.48	0.39	0.40	0.30	0.34	0.32
DEBT VS EQUITY	0.96	0.97	0.42	0.28	0.25	0.17	0.24	0.17
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	16767.49	16805.48	19261.73	19587.79	21865.52	20175.89	25667.22	26597.45
PAYROLL/ADMIN. EMPLOYEE	24511.52	25777.33	30690.40	27007.56	24034.40	27940.94	14918.26	14141.63
PAYROLL/SALES EMPLOYEE	25485.22	30033.75	28102.03	24051.92	43458.87	37027.47	40899.78	46126.55
PAYROLL/EMPLOYEE	18823.14	19197.44	22006.13	21175.11	25647.15	23687.10	26793.00	27912.32
PREPRESS % OF FACT. PAYROLL	10.63	10.05	11.15	9.64	10.04	9.47	10.22	11.45
PRESS % OF FACTORY PAYROLL	28.27	31.05	30.63	27.65	31.19	24.13	31.85	25.53
COLL. OPER. % OF FACT. PAY.	13.80	6.98	17.23	17.51	16.75	17.20	14.30	15.94
GEN. BINDERY % OF FACT. PAY.	8.57	7.24	5.04	4.29	5.68	6.30	5.30	5.67
OVERTIME WAGE % OF FACT. PAY	2.32	0.80	3.46	3.57	4.79	4.05	4.19	4.66
TAXES AND BENEFITS								
TAX & BENE./FACTORY EMP.	2771.66	3189.85	3947.44	4322.39	4648.30	4416.49	5469.22	5491.08
TAX & BENE./ADMIN. EMP.	2845.88	2083.00	5449.14	6141.34	3620.29	4550.61	4816.08	5018.19
TAX & BENE./SALES EMP.	3806.48	3423.98	3961.78	3153.58	3163.69	2832.14	5724.73	6277.16
TAX & BENE./EMPLOYEE	2721.54	2819.63	4163.85	4423.38	4714.87	4646.31	5429.22	5530.05
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	9.83	11.39	11.99	12.65	9.66	9.57	9.78	9.49
DAYS RAW MAT. IN INVENTORY	74.08	67.34	53.58	52.99	43.38	45.89	39.27	45.64
COLLECTION DAYS OF RECEIV.	43.83	47.82	45.63	46.45	49.10	43.32	50.85	51.99
INVESTMENT								
NET WORTH % OF FIXED ASSETS	80.10	71.62	137.43	145.43	199.51	204.83	210.78	168.05
AVG PLANT INVEST/FACT. EMP.	38255.88	33238.39	48724.76	45598.66	51123.49	54340.76	50880.28	51711.80
PROFIT								
GROSS PROFIT % OF SALES	21.45	28.54	24.20	24.62	28.65	27.26	26.82	30.63
INCOME BEFORE TAX % OF SALES	1.76	8.45	4.54	11.42	8.74	11.94	5.72	12.35
PROFIT % OF NET WORTH	15.12	44.91	16.18	25.17	24.90	28.06	18.08	24.66
CASH FLOW (ROI)	5.65	10.84	8.32	10.95	10.09	11.59	8.13	10.48
RETURN ON INVESTMENT	2.48	12.87	6.35	11.63	12.18	14.69	9.14	13.19

PRODUCT LINE	DIRECT ALL FIRMS	DIRECT LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	DIRECT CONTINUOUS CUSTOM LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	DIRECT MIXED PRODUCT LEADERS
VALUE-PRODUCTS MFGD.	87.11	86.71	89.48	*	86.43	85.90
OUTSIDE PURCHASES	12.89	13.29	10.52		13.57	14.50
VALUE OF PRODUCTION	100.00	100.00	100.00		100.00	100.00
COST OF PRODUCTION						
MATERIALS						
PAPER	32.27	32.98	30.65		32.82	33.25
CARBON	2.55	2.45	2.97		2.59	2.50
OTHER	1.97	1.68	3.27		1.92	1.59
OUTSIDE FINISHED PRODUCT	5.73	4.48	8.86		5.64	4.66
TOTAL MATERIALS USED	42.52	41.59	45.75		42.97	42.00
FACTORY PAYROLL						
SUPERVISORY SALARIES	2.02	2.06	1.48		2.11	2.12
WAGES DIRECT						
PREPRESS	1.94	1.94	1.32		1.92	1.92
PRESS	4.70	4.57	4.81		4.64	4.48
COLLATOR OPERATORS	2.44	2.63	3.09		2.37	2.34
GENERAL BINDERY	1.01	1.00	1.17		0.96	0.94
TOTAL DIRECT WAGES	10.09	10.14	10.39		9.88	9.88
DIRECT OVERTIME WAGES	0.94	0.93	1.42		0.91	0.90
GEN. FACTORY SAL. & WAGES	1.81	1.62	2.33		1.76	1.57
PACK, SHIP & DEL. WAGES	1.05	1.03	0.66		1.06	1.03
PAYROLL TAXES	1.15	1.10	1.31		1.18	1.13
EMPLOYEE BENEFITS	2.07	1.99	1.74		2.03	1.89
TOTAL FACTORY PAYROLL	18.21	17.94	17.92		18.03	17.61
FACTORY FIXED EXPENSES						
OCCUPANCY EXPENSE	1.71	1.72	2.04		1.63	1.66
INSURANCE	0.60	0.73	0.36		0.62	0.76
TAXES	0.81	0.98	0.39		0.87	1.06
DEPRECIATION	2.02	2.09	2.60		2.00	2.06
TOTAL FACTORY FIXED EXP.	5.15	5.53	5.39		5.12	5.54
OTHER FACT. SUPPLIES & EXP.	4.81	4.77	2.70		4.88	4.76
TOTAL FACTORY EXPENSE	9.96	10.30	8.09		9.99	10.30
TOTAL COST OF PRODUCTION	70.69	69.82	71.76		71.00	69.91
GROSS PROFIT-FORMS MFG.	29.31	30.18	28.24		29.00	30.09
OTHER OPERATIONS						
VALUE-OTHER PROD./SERVICES	1.72	0.91	0.21		1.90	0.98
COST-OTHER PROD./SERVICES	1.21	0.64	0.13		1.34	0.69
GROSS PROFIT-OTHER PROD/SER.	0.50	0.27	0.08		0.56	0.29
TOTAL GROSS PROFIT-ALL OPER.	29.81	30.45	28.32		29.56	30.39

* Insufficient data

	DIRECT ALL FIRMS	DIRECT ALL FIRMS LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	DIRECT CONTINUOUS CUSTOM LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	DIRECT MIXED PRODUCT LEADERS
ADMINISTRATIVE EXPENSES						
EXECUTIVE SALARIES	1.15	0.84	1.46		1.11	0.81
OFFICE SALARIES	2.05	2.02	1.82		1.95	1.94
PAYROLL TAXES	0.47	0.56	0.25		0.51	0.61
EMPOYEE BENEFITS	0.47	0.49	0.49		0.40	0.40
GENERAL OFFICE EXPENSE	2.45	2.34	3.06		2.34	2.22
BAD DEBTS	0.30	0.28	0.08		0.32	0.29
TOTAL ADMIN. EXPENSE	6.89	6.54	7.16		6.63	6.28
SELLING EXPENSE						
EXECUTIVE SALARIES	0.78	0.64	1.47		0.72	0.58
SALESMEN SAL. & COMMISS.	8.45	8.59	5.13		8.50	8.71
SALES-CLERICAL SALARIES	0.98	0.95	0.87		1.00	0.97
PAYROLL TAXES	0.50	0.44	0.38		0.53	0.47
EMPLOYEE BENEFITS	0.86	0.87	0.47		0.91	0.94
TRAVEL & ENTER. EXPENSE	0.58	0.48	0.74		0.57	0.47
GENERAL SELLING EXP.	2.60	2.76	2.12		2.67	2.88
SHIPPING & DEL. EXP.	0.79	0.69	1.44		0.77	0.68
ADVERTISING	0.21	0.20	0.22		0.20	0.16
TOTAL SELLING EXPENSE	15.76	15.60	12.86		15.87	15.86
TOTAL ADMINISTRATIVE & SELLING COST	22.65	22.14	20.03		22.49	22.15
OPERATING INCOME (LOSS)	7.16	8.31	8.29		7.06	8.24
OTHER INCOME & EXPENSE						
GROSS PROCEEDS-SCRAP SALE	0.18	0.21	0.31		0.17	0.19
OTHER INCOME	0.42	0.45	0.35		0.41	0.44
TOTAL OTHER INCOME	0.60	0.66	0.66		0.58	0.63
INTEREST EXPENSE	1.69	1.48	2.60		1.63	1.45
OTHER EXPENSE	0.52	0.40	0.04		0.57	0.44
TOTAL OTHER EXPENSE	2.22	1.89	2.64		2.20	1.89
NET OTHER INCOME (EXPENSE)	-1.61	-1.22	-1.98		-1.62	-1.26
NET INCOME (LOSS) BEFORE TAXES	5.55	7.09	6.32		5.44	6.99
NUMBER OF COMPANIES	36	17	4	2	30	14

	DIRECT ALL FIRMS	LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	LEADERS
CURRENT ASSETS						
CASH	2.39	2.42	2.54		2.40	2.34
NOTES & ACCTS RECEIVABLE	32.13	31.24	30.02		32.66	31.76
LESS ALLOW. FOR BAD DEBTS	0.74	0.71	0.62		0.74	0.72
NET RECEIVABLES	31.39	30.53	29.40		31.92	31.04
INVENTORIES						
RAW MATERIALS	10.53	10.99	9.94		10.70	11.04
FINISHED PRODUCTS	9.81	9.99	3.14		10.55	10.87
WORK IN PROCESS	3.00	2.99	3.90		2.90	2.99
OTHER	0.29	0.12	0.43		0.28	0.10
TOTAL INVENTORIES	23.63	24.09	17.41		24.44	24.99
OTHER CURRENT ASSETS	2.13	2.23	1.09		1.96	1.98
TOTAL CURRENT ASSETS	59.53	59.27	50.43		60.72	60.36
FIXED ASSETS						
REAL ESTATE	11.70	11.33	23.65		11.12	11.70
LESS ALLOW FOR DEPR.	2.47	2.55	2.01		2.63	2.80
NET REAL ESTATE	9.24	8.78	21.64		8.49	8.90
MACHINERY & EQUIPMENT	47.15	46.03	46.40		47.89	46.32
LESS ALLOW FOR DEPR.	23.21	21.87	23.48		23.42	21.80
NET MACH. & EQUIP.	23.94	24.16	22.92		24.48	24.48
OTHER FIXED ASSETS	4.53	4.60	5.07		3.21	2.70
LESS ALLOW FOR DEPRE.	1.97	1.86	2.52		1.63	1.35
NET OTHER FIXED ASSETS	2.56	2.74	2.55		1.58	1.35
TOTAL FIXED ASSETS	35.74	35.68	47.11		34.55	34.73
OTHER ASSETS	4.73	5.05	2.46		4.73	4.91
TOTAL ASSETS	100.00	100.00	100.00		100.00	100.00
CURRENT LIABILITIES						
NOTES PAYABLE (ONE YEAR)	6.61	3.27	13.71		6.00	3.24
ACCOUNTS PAYABLE	11.63	10.50	11.44		11.96	10.97
OTHER CURRENT LIABILITIES	9.22	8.40	5.61		9.25	8.10
TOTAL CURRENT LIABILITIES	27.45	22.18	30.75		27.20	22.31
LONG-TERM DEBT	13.28	9.87	34.70		10.14	6.55
OTHER LONG-TERM LIABIL.	4.48	3.44	3.28		4.81	3.63
TOTAL LONG-TERM LIABIL.	17.76	13.30	37.99		14.95	10.18
TOTAL LIABILITIES	45.21	35.48	68.74		42.16	32.49
TOTAL NET WORTH	54.79	64.52	31.26		57.84	67.51
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00		100.00	100.00

	DIRECT ALL FIRMS	LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	LEADERS
EMPLOYEES						
PERCENT FACTORY	56.88	54.97	71.06		58.17	56.81
PERCENT ADMINISTRATIVE	20.94	22.57	15.03		20.34	21.49
PERCENT SALES	23.26	22.47	13.91		22.46	21.69
PRODUCTIVITY						
SALES/GROSS PLANT INVESTMENT	3.52	3.62	2.23		3.37	3.45
SALES/FACTORY EMPLOYEE	179177.65	188281.17	149161.80		172520.09	177810.23
SALES/ADMIN. EMPLOYEE	477413.95	458535.14	705295.94		484993.73	469959.81
SALES/SALES EMPLOYEE	429874.21	460666.18	761719.61		439262.18	465633.04
SALES/ALL EMPLOYEES	99980.67	103489.32	105990.67		98669.41	101015.93
SALES LESS MAT./FACT. EMP.	102178.98	109205.22	80918.44		99161.57	103860.74
FINANCIAL POSITION						
CURR ASSETS VS CURR LIABIL.	2.23	2.71	1.64		2.17	2.67
LIABILITIES VS NET WORTH	0.39	0.33	0.88		0.42	0.34
DEBT VS EQUITY	0.18	0.10	1.11		0.24	0.15
PAYROLL						
PAYROLL/FACTORY EMPLOYEE	26557.90	27473.40	22184.21		25851.75	26401.08
PAYROLL/ADMIN. EMPLOYEE	14634.72	12640.29	23111.36		15521.11	13436.69
PAYROLL/SALES EMPLOYEE	43946.11	47280.34	56964.56		44835.86	47367.13
PAYROLL/EMPLOYEE	28105.10	28575.29	27163.10		28014.35	28162.38
PREPRESS % OF FACT. PAYROLL	10.65	10.91	7.37		10.68	10.83
PRESS % OF FACTORY PAYROLL	32.38	25.44	33.22		32.04	25.46
COLL. OPER. % OF FACT. PAY.	13.80	14.40	17.24		14.01	14.67
GEN. BINDERY % OF FACT. PAY.	5.30	5.33	6.52		5.54	5.57
OVERTIME WAGE % OF FACT. PAY.	5.03	5.09	7.95		5.17	5.19
TAXES AND BENEFITS						
TAX & BENE./FACTORY EMP.	5750.42	5687.30	4545.71		5566.20	5492.12
TAX & BENE./ADMIN. EMP.	4318.76	4650.27	5269.46		4574.17	4953.41
TAX & BENE./SALES EMP.	5761.10	5923.44	4972.11		5965.06	5930.77
TAX & BENE./EMPLOYEE	5552.11	5633.99	4925.97		5453.24	5507.47
ASSET TURNOVER						
INVENTORY TURNOVER TIMES/YR	8.96	8.78	9.64		9.03	8.89
DAYS RAW MAT. IN INVENTORY	41.52	43.71	47.28		42.39	45.07
COLLECTION DAYS OF RECEIV.	53.22	51.62	63.98		53.71	52.06
INVESTMENT						
NET WORTH % OF FIXED ASSETS	225.80	194.37	71.00		198.02	180.82
AVG PLANT INVEST/FACT. EMP.	50930.51	52082.98	66804.43		51257.44	51466.74
PROFIT						
GROSS PROFIT % OF SALES	29.56	30.39	28.32		29.81	30.45
INCOME BEFORE TAX % OF SALES	5.44	9.68	6.32		5.55	9.92
PROFIT % OF NET WORTH	18.73	22.71	29.84		19.72	23.51
CASH FLOW (ROI)	8.40	10.06	7.69		8.32	9.95
RETURN ON INVESTMENT	9.69	12.66	8.44		9.64	12.51

PRODUCT LINE	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS ALL FIRMS	CUSTOM LEADERS	INDIRECT UNIT SETS ALL. FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	98.81	99.24	98.83	99.91	99.46	99.11	98.58	97.13
OUTSIDE PURCHASES	1.19	0.76	1.17	0.09	0.54	0.89	1.42	2.87
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	33.72	32.32	32.55	31.69	35.92	35.94	35.99	33.09
CARBON	3.21	2.89	2.68	2.32	5.41	5.96	3.88	3.64
OTHER	3.00	2.88	3.26	3.11	1.77	2.19	2.71	2.38
OUTSIDE FINISHED PRODUCT	1.10	0.87	1.01	0.27	0.47	0.79	1.51	2.84
TOTAL MATERIALS USED	41.02	38.96	39.50	37.40	43.57	44.88	44.09	41.94
FACTORY PAYROLL								
SUPERVISORY SALARIES	2.52	2.50	2.42	2.56	2.51	2.13	2.76	2.42
WAGES DIRECT								
PREPRESS	2.65	2.60	2.73	2.63	2.77	2.84	2.41	2.41
PRESS	6.67	6.03	6.69	5.95	6.54	7.17	6.65	5.89
COLLATOR OPERATORS	4.21	4.53	4.39	4.90	3.89	4.19	3.84	3.46
GENERAL BINDERY	1.40	1.33	1.16	1.18	1.66	1.71	1.93	1.67
TOTAL DIRECT WAGES	14.93	14.49	14.98	14.66	14.87	15.91	14.84	13.44
DIRECT OVERTIME WAGES	0.77	0.65	0.62	0.51	0.61	0.92	1.19	1.03
GEN. FACTORY SAL. & WAGES	2.13	1.62	2.24	1.73	1.97	0.71	2.03	1.57
PACK, SHIP & DEL. WAGES	0.71	0.55	0.49	0.38	1.29	1.83	1.11	0.66
PAYROLL TAXES	1.81	1.70	1.81	1.70	1.65	1.62	1.85	1.71
EMPLOYEE BENEFITS	2.31	2.39	2.39	2.46	1.57	0.78	2.33	2.74
TOTAL FACTORY PAYROLL	24.41	23.25	24.32	23.50	23.46	22.98	24.92	22.54
FACTORY FIXED EXPENSES.								
OCCUPANCY EXPENSE	2.31	2.12	2.35	2.13	1.41	1.06	2.49	2.46
INSURANCE	0.40	0.37	0.38	0.36	0.84	0.94	0.32	0.20
TAXES	0.39	0.44	0.39	0.44	0.38	0.41	0.40	0.46
DEPRECIATION	3.91	3.67	3.87	3.38	3.59	3.67	4.11	4.58
TOTAL FACTORY FIXED EXP	7.01	6.60	6.98	6.31	6.22	6.08	7.31	7.70
OTHER FACT. SUPPLIES & EXP	5.31	4.27	4.87	4.01	5.51	5.17	6.36	4.77
TOTAL FACTORY EXPENSE	12.32	10.87	11.85	10.33	11.73	11.25	13.67	12.47
TOTAL COST OF PRODUCTION	77.75	73.08	75.66	71.23	78.75	79.11	82.67	76.95
GROSS PROFIT-FORMS MFG.	22.25	26.92	24.34	28.77	21.25	20.89	17.33	23.05
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	0.14	0.06	0.23	0.10	-0.06	-0.11	0.00	0.00
COST-OTHER PROD./SERVICES	0.11	0.06	0.17	0.09	0.00	0.00	0.00	0.00
GROSS PROFIT-OTHER PROD/SER.	0.03	0.00	0.06	0.01	-0.06	-0.11	0.00	0.00
TOTAL GROSS PROFIT-ALL OPER.	22.28	26.92	24.40	28.79	21.19	20.78	17.33	23.05

	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	INDIRECT UNIT SETS ALL FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	2.37	2.80	2.37	2.96	3.13	2.69	2.13	2.32
OFFICE SALARIES	1.55	1.40	1.53	1.37	1.75	1.73	1.53	1.39
PAYROLL TAXES	0.29	0.32	0.31	0.33	0.27	0.26	0.26	0.28
EMPLOYEE BENEFITS	0.42	0.49	0.45	0.54	0.28	0.34	0.40	0.36
GENERAL OFFICE EXPENSE	2.75	2.87	2.97	3.00	2.79	2.46	2.19	2.62
BAD DEBTS	0.23	0.20	0.23	0.21	0.14	0.18	0.28	0.15
TOTAL ADMIN. EXPENSE	7.61	8.07	7.86	8.41	8.37	7.67	6.78	7.11
SELLING EXPENSE								
EXECUTIVE SALARIES	0.81	0.72	0.81	0.70	1.62	1.28	0.57	0.59
SALESMEN SAL. & COMMISS.	1.04	0.86	0.98	0.63	1.35	1.62	1.12	1.34
SALES-CLERICAL SALARIES	1.78	2.16	1.99	2.69	1.14	0.96	1.42	0.87
PAYROLL TAXES	0.29	0.31	0.31	0.32	0.25	0.19	0.27	0.32
EMPLOYEE BENEFITS	0.34	0.40	0.38	0.42	0.19	0.17	0.31	0.43
TRAVEL & ENTER. EXPENSE	0.44	0.44	0.40	0.50	0.58	0.23	0.50	0.34
GENERAL SELLING EXP.	1.30	1.29	1.44	1.36	0.63	0.64	1.15	1.27
SHIPPING & DEL. EXP.	0.64	0.73	0.67	0.78	0.14	0.19	0.70	0.75
ADVERTISING	0.44	0.42	0.50	0.49	0.38	0.48	0.33	0.18
TOTAL SELLING EXPENSE	7.09	7.34	7.47	7.90	6.27	5.75	6.38	6.09
TOTAL ADMINISTRATIVE &	14.70	15.41	15.33	16.31	14.64	13.43	13.16	13.21
OPERATING INCOME (LOSS)	7.58	11.51	9.07	12.48	6.54	7.35	4.17	9.84
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.33	0.24	0.32	0.20	0.34	0.48	0.36	0.26
OTHER INCOME	1.30	1.25	0.91	1.13	1.58	2.33	2.17	1.26
TOTAL OTHER INCOME	1.63	1.49	1.23	1.33	1.92	2.81	2.53	1.52
INTEREST EXPENSE	1.56	1.02	1.47	1.02	1.35	0.85	1.85	1.09
OTHER EXPENSE	0.71	0.83	0.57	0.75	1.71	2.33	0.78	0.58
TOTAL OTHER EXPENSE	2.27	1.86	2.04	1.77	3.06	3.18	2.63	1.67
NET OTHER INCOME (EXPENSE)	-0.64	-0.37	-0.80	-0.44	-1.13	-0.37	-0.09	-0.15
NET INCOME (LOSS) BEFORE TAXES	6.94	11.14	8.27	12.04	5.41	6.98	4.07	9.69
NUMBER OF COMPANIES	50	24	26	14	8	4	16	6

	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	INDIRECT UNIT SETS ALL FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
CURRENT ASSETS								
CASH	8.15	11.02	8.12	10.69	6.46	4.99	8.75	14.00
NOTES & ACCTS RECEIVABLE	22.13	21.05	21.46	20.93	25.86	28.67	23.07	19.42
LESS ALLOW. FOR BAD DEBTS	0.61	0.63	0.69	0.77	0.72	0.09	0.33	0.22
NET RECEIVABLES	21.52	20.42	20.76	20.16	25.14	28.58	22.74	19.20
INVENTORIES								
RAW MATERIALS	9.85	9.03	9.12	8.52	13.85	12.79	10.88	10.03
FINISHED PRODUCTS	0.87	0.72	0.93	0.80	0.14	0.26	0.92	0.52
WORK IN PROCESS	2.19	2.40	2.47	2.87	0.85	0.62	1.74	1.02
OTHER	0.36	0.38	0.31	0.47	0.13	0.19	0.56	0.08
TOTAL INVENTORIES	13.27	12.53	12.83	12.66	14.96	13.86	14.10	11.64
OTHER CURRENT ASSETS	2.89	3.39	3.48	3.97	0.31	0.46	1.90	1.86
TOTAL CURRENT ASSETS	45.84	47.36	45.19	47.49	46.88	47.90	47.50	46.70
FIXED ASSETS								
REAL ESTATE	14.97	18.04	17.22	20.22	12.70	7.98	8.96	12.08
LESS ALLOW FOR DEPR.	3.09	4.03	3.11	4.07	2.98	2.78	3.07	4.19
NET REAL ESTATE	11.88	14.02	14.10	16.15	9.73	5.20	5.90	7.89
MACHINERY & EQUIPMENT	66.55	55.25	62.10	49.37	68.03	60.02	79.35	77.58
LESS ALLOW FOR DEPR.	35.70	29.82	32.33	26.46	34.71	27.76	46.00	43.91
NET MACH. & EQUIP.	30.85	25.43	29.77	22.91	33.32	32.26	33.34	33.67
OTHER FIXED ASSETS	5.03	3.21	3.89	1.67	4.99	5.20	8.42	8.84
LESS ALLOW FOR DEPRE.	2.75	1.66	2.09	0.82	2.29	2.10	4.84	4.93
NET OTHER FIXED ASSETS	2.27	1.54	1.79	0.85	2.69	3.10	3.58	3.91
TOTAL FIXED ASSETS	45.00	40.98	45.67	39.90	45.73	40.56	42.82	45.46
OTHER ASSETS	9.15	11.66	9.15	12.61	7.39	11.54	9.68	7.83
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE (ONE YEAR)	6.70	3.38	4.12	2.21	8.33	7.11	13.90	7.06
ACCOUNTS PAYABLE	11.65	9.61	10.31	9.63	13.60	11.48	15.08	9.01
OTHER CURRENT LIABILITIES	5.56	4.73	5.40	4.42	6.03	9.18	5.89	4.77
TOTAL CURRENT LIABILITIES	23.91	17.73	19.82	16.26	27.95	27.77	34.87	20.85
LONG-TERM DEBT	22.59	15.43	23.20	15.43	18.27	14.41	22.02	15.71
OTHER LONG-TERM LIABIL.	3.87	4.38	4.09	4.13	4.29	1.88	3.11	6.07
TOTAL LONG-TERM LIABIL.	26.46	19.81	27.29	19.55	22.56	16.29	25.12	21.79
TOTAL LIABILITIES	50.37	37.53	47.11	35.81	50.51	44.06	60.00	42.63
TOTAL NET WORTH	49.63	62.47	52.89	64.19	49.49	55.94	40.00	57.37
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	INDIRECT UNIT SETS ALL FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
EMPLOYEES								
PERCENT FACTORY	77.36	75.58	75.30	73.62	79.74	80.74	81.30	80.17
PERCENT ADMINISTRATIVE	12.21	12.21	12.50	13.42	11.42	9.02	11.83	9.39
PERCENT SALES	11.22	12.21	12.20	12.96	8.84	10.25	9.79	10.43
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	2.11	2.17	2.08	2.17	2.44	3.32	2.13	1.95
SALES/FACTORY EMPLOYEE	105334.40	109622.21	112531.69	112093.66	91040.93	90168.10	94594.84	110111.08
SALES/ADMIN. EMPLOYEE	660271.89	678728.14	677976.89	615040.23	635568.75	807414.32	626607.30	940022.35
SALES/SALES EMPLOYEE	718646.28	678728.14	694353.14	636578.60	821588.88	710524.60	756944.91	846020.12
SALES/ALL EMPLOYEES	80647.71	82857.41	84734.62	82522.42	72997.29	72799.65	74137.79	88280.36
SALES LESS MAT./FACT. EMP.	62122.75	66909.19	68085.90	70174.13	51376.97	49700.02	52891.99	63926.58
FINANCIAL POSITION								
CURR ASSETS VS CURR LIABIL.	1.92	2.67	2.28	2.92	1.68	1.72	1.36	2.24
LIABILITIES VS NET WORTH	0.45	0.28	0.33	0.25	0.56	0.50	0.87	0.36
DEBT VS EQUITY	0.46	0.25	0.44	0.24	0.37	0.26	0.55	0.27
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	21374.94	21006.97	22640.71	21681.69	18420.75	18551.72	19619.84	19920.03
PAYROLL/ADMIN. EMPLOYEE	25840.72	28473.59	26451.31	26589.88	31070.85	35685.09	22928.78	34814.56
PAYROLL/SALES EMPLOYEE	26083.78	25396.15	26257.64	25585.83	33770.80	27437.52	23543.44	23732.25
PAYROLL/EMPLOYEE	22448.84	22454.29	23558.35	22846.35	21222.06	21007.16	20395.63	21716.62
PREPRESS % OF FACT. PAYROLL	10.85	11.19	11.22	11.21	11.79	12.34	9.68	10.72
PRESS % OF FACTORY PAYROLL	30.79	25.94	33.23	25.31	27.89	31.22	26.67	26.14
COLL. OPER. % OF FACT. PAY.	18.36	19.49	19.04	20.85	25.80	18.22	15.47	15.37
GEN. BINDERY % OF FACT. PAY.	5.75	5.71	4.79	5.02	7.10	7.44	7.73	7.41
OVERTIME WAGE % OF FACT. PAY	3.15	2.81	2.55	2.16	2.60	3.90	4.77	4.57
TAXES AND BENEFITS								
TAX & BENE./FACTORY EMP	4335.24	4482.01	4722.32	4663.74	2934.02	2167.69	3949.53	4895.63
TAX & BENE./ADMIN. EMP	4738.74	5463.13	5167.15	5390.22	3503.04	4878.59	4107.81	6060.44
TAX & BENE./SALES EMP	4601.59	5296.43	4771.57	5167.61	3577.80	2837.20	4414.76	7263.81
TAX & BENE./EMPLOYEE	4414.07	4647.70	4783.93	4770.76	3055.91	2455.21	4012.69	5153.76
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	13.79	13.26	13.47	12.19	13.95	17.56	14.60	16.52
DAYS RAW MAT. IN INVENTORY	47.88	50.91	48.74	53.91	55.57	42.74	43.73	45.36
COLLECTION DAYS OF RECEIV.	42.92	44.87	43.85	47.70	43.95	42.88	40.31	36.43
INVESTMENT								
NET WORTH % OF FIXED ASSETS	125.38	152.42	139.56	160.87	108.21	137.90	93.42	126.18
AVG PLANT INVEST/FACT. EMP.	49813.22	50479.51	54179.99	51766.57	37374.76	27130.52	44439.99	56382.48
PROFIT								
GROSS PROFIT % OF SALES	22.28	26.92	24.40	28.79	21.19	20.78	17.33	23.05
INCOME BEFORE TAX % OF SALES	6.94	11.14	8.27	12.04	5.41	9.07	4.07	9.69
PROFIT % OF NET WORTH	25.00	29.62	26.19	28.94	22.82	30.37	21.09	32.48
CASH FLOW (ROI)	10.20	12.39	10.77	12.22	9.91	14.38	8.77	12.48
RETURN ON INVESTMENT	9.59	14.94	11.13	15.64	8.52	14.03	5.82	12.83

III. KEY RATIO ANALYSIS

This section presents ranges for two line items in the standard chart of accounts. Medians and averages are useful, but few firms will ever find their results are on the statistical mid-point. Ranges allow you to see whether your own firm's deviations are fairly typical or seriously wide of the mark.

The Range is the difference between the largest and smallest values.

The Upper Quartile is the range of values between the 75th percentile and the highest value, thus containing the values of the upper quarter of the participants.

The Lower Quartile is the range of values between the 25th percentile and the lowest value.

The Median is the value at the 50th percentile, where half of all the values are lower and half are higher. The median is not the same as the average.

The Middle 50% contains half the values below the median and half above it; this is usually a good technique for eliminating extremes.

The following tables provide ranges for two line items, with data broken down by distribution channel and company size.

Also included in this section is a list of 13 key ratios, covering profitability, asset utilization, adequacy of investment, and working capital.

GROSS PROFIT

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	(26.41)	18.09	20.47	22.98	35.04
Direct	18.09	25.95	28.34	33.70	81.93
Company Size					
Under $3 million	(26.41)	18.70	20.54	26.56	33.71
$3-8 million	15.88	20.38	21.71	24.34	35.04
$8-15 million	14.62	22.50	27.58	33.25	81.93
Over $15 million	6.25	21.16	25.90	28.27	41.49

NET PRE-TAX INCOME AS A PERCENT OF SALES

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	(24.32)	1.76	4.82	9.01	33.53
Direct	(4.94)	2.41	5.30	8.20	14.71
Company Size					
Under $3 million	(24.32)	(1.52)	4.01	5.84	8.87
$3-8 million	(5.20)	1.71	4.70	6.73	10.72
$8-15 million	0.05	3.08	6.26	9.49	33.53
Over $15 million	(4.94)	2.43	5.68	10.51	14.71

THIRTEEN KEY RATIOS

	All Firms	Leaders
Net Income to Net Sales	59.9	81.9
Net Income to Net Worth	20.2	25.4
Net Income to Total Assets	11.5	16.3
Net Sales to Total Assets	1.9	2.0
Collection Days of Accts. Receivable	49.8	50.1
Net Sales to Fixed Assets	5.4	5.4
Net Sales to Net Worth	3.4	3.2
Current Liabilities to Net Worth	0.4	0.3
Total Liabilities to Net Worth	0.8	0.6
Total Assets to Net Worth	1.8	1.6
Current Assets to Current Liabilities	2.5	2.7
Net Sales to Working Capital	5.5	5.8
Inventory to Working Capital	0.5	0.6

SIGNIFICANCE OF KEY RATIOS

Profitability Ratios

Net Income to Net Sales	A primary ratio. Measures a company's ability to generate adequate profit on each dollar of sales. A key element in Return on Equity. CALCULATION: Net operating Profit -- or Loss -- divided by Net Sales, Multiplied by 100.
Net Income to Net Worth	The Return on Equity ratio. Measures a company's ability to produce adequate profit on owners' investment in the business and to expand net worth for future sales growth. Determined by interaction of (1) ratio of net profit to net sales and (2) ratio of net sales to net worth. CALCULATION: Net Operating Profit -- or Loss -- divided by Net Worth, multiplied by 100.
Net Income to Total Assets	One definition of Return on Investment, but more appropriately called Return on Assets. Measures a company's ability to earn an adequate profit on assets employed in the business. Determined by interaction of (1) ratio of net profit to net sales and (2) ratio of net sales to total assets. CALCULATION: Net Operating Profit -- or Loss -- divided by Total Assets, multiplied by 100.

Asset Utilization Ratios

Net Sales to Total Assets	The asset utilization ratio. Measures a company's ability to generate adequate sales on the assets employed in the business. Summarizes combined efficiency of (1) collection period of accounts receivable, (2) ratio of costs of goods sold to inventory, and (3) ratio of sales to fixed assets. CALCULATION: Net Sales divided by Total Assets.
Collection Period of Accounts Receivable	A primary ratio. Measures a company's control of accounts receivable in relation to sales. A key element in asset utilization. CALCULATION: (1) Net Sales divided by 365 equals Average Daily Net Sales; then (2) Accounts Receivable divided by Average Daily Net Sales equals Collection Period of Accounts Receivable.

Net Sales to Fixed Assets	A primary ratio. Measures a company's ability to generate adequate sales in relation to its investment in plant, equipment, and other fixed assets. Also a key element in asset utilization. CALCULATION: Net Sales divided by Fixed Assets.

Investment Adequacy Ratios

Net Sales to Net Worth	A primary ratio, sometimes called the trading ratio. Measures adequacy of owners' investment in the business in relation to level of sales activity. CALCULATION: Net Sales divided by Net Worth.
Current Liabilities to Net Worth	Shows stake of current creditors (suppliers, banks and others) in the business, versus amount of investment by the owners. CALCULATION: Current Liabilities divided by Net Worth.
Total Liabilities to Net Worth	Measures proportion of funds from all creditors (both current and long-term) against investment by owners. Determined by interaction of (1) ratio of net sales to net worth and (2) ratio of net sales to total assets. CALCLULATION: Total Liabilities divided by Net Worth.
Total Assets to Net Worth	Measures relationship between total assets and net worth. Serves function similar to ratio of total liabilities to net worth, but has been retained to preserve continuity with previous reports. CALCULATION: Total Assets divided by Net Worth.

Working Capital Ratios

Current Assets to Current Liabilities	The current ratio. Measures a company's ability to meet day-to-day obligations within terms and to withstand possible write-downs of accounts receivable or inventory. CALCULATION: Current Assets divided by Current Liabilities.
Net Sales to Working Capital	Measures adequacy of company's working capital (the excess of current assets over current liabililties) to support level of sales activity. CALCULATION: (1) Current Assets minus Current Liabilities equals Working Capital; then (2) Net Sales divided by Working Capital equals ratio of Net Sales to Working Capital.

Inventory to Working Capital	Measures proportion of company's working capital vulnerable to slow movement or write-down of inventory. CALCULATION: (1) Current Assets minus Current Liabilities equals Working Capital; then (2) Inventory divided by Working Capital equals ratio of Inventory to Working Capital.

IV. COST OF PRODUCTION ANALYSIS

The overall ratios in this report and the individual ratios mailed to each participant all set the value of sales equal to 100 and analyze costs and profits as a percentage of that value. Because the different distribution channels and product specialties in this industry can create sharply different costs of sales and gross profit percentages, the real differences are not always apparent.

Another way to look at the results is on a cost of production basis. In this analysis the total cost of production is set equal to 100 and the line items which comprise it are computed as percentages. In many cases this analysis gives the best comparison of manufacturing efficiencies.

The following table provides a cost of production analysis for the overall sample and by sales volume, distribution channel, and main product line.

COST OF PRODUCTION ANALYSIS

	Materials						
	Paper	Carbon	Other	Total Materials	Factory Payroll	Other Factory	TOTAL
ALL FIRMS	46.7	4.0	8.5	59.2	26.6	14.2	100.0
Leaders	46.4	3.6	7.8	57.8	27.4	14.8	100.0
By Company Size							
Under $3 million	42.9	4.8	7.4	55.1	30.0	14.9	100.0
$3-8 million	42.1	5.2	8.3	55.6	29.3	15.1	100.0
$8-15 million	44.7	3.9	10.3	58.9	27.6	13.5	100.0
Over $15 million	49.6	4.1	7.2	60.9	25.3	13.8	100.0
By Distribution Channel							
Direct	45.5	3.7	9.5	58.7	26.7	14.6	100.0
Indirect	43.3	4.1	5.6	53.0	31.3	15.7	100.0
By Product							
Direct							
Custom Continuous	47.5	4.6	10.9	63.0	25.6	11.4	100.0
Unit Sets	36.5	0.7	5.0	42.2	37.3	20.5	100.0
Mixed Product	46.0	3.8	9.7	59.5	26.1	14.4	100.0
Indirect							
Custom Continuous	43.3	3.6	5.6	52.5	32.0	15.5	100.0
Unit Sets	44.4	6.9	4.2	55.5	30.8	13.7	100.0
Mixed Product	42.6	4.9	6.0	53.5	29.4	17.1	100.0

V. VALUE-ADDED ANALYSIS

Another way of examing the ratios is to separate the cost of items the company buys from what the company puts into the finished product, i.e., value added. Value added is the reflection of management's ability to successfully produce and sell the company's products. It is value added, not sales, that enables companies to meet the payroll, invest in equipment, and generate working capital for growth. In short, value added is what the company is all about.

	All Firms		Profit Leaders*	
Sales	100.0		100.0	
Materials	43.6%		40.9%	
Value Added	56.4%	100.0	59.1%	100.0
Factory Payroll		34.5%		32.6%
Factory Expense		18.3%		17.6%
Admin. Expense		12.3%		11.8%
Selling Expense		22.2%		22.5%
Operating Profit		12.7%		15.5%

As the above results illustrate, suppliers take about 44% of the average firm's sales dollar, leaving 56% of that dollar within management's control. Of course, that share varies among companies, often depending on product line.

After product line differences, the next major difference in value added comes from distribution channel, since direct-selling companies retain all of the value added that distributor-based companies must share with the distributor.

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* Companies with pretax return on sales of 8% or better.

APPENDIX A

USING THE RATIO STUDY

USING THE RATIO STUDY

The Ratio Study provides useful, perhaps invaluable, information on how a group of different companies have performed under a variety of conditions. Proper analysis of these ratios can provide your company with money-saving, profit-making ideas. Improper use of the ratios can lead to disaster.

The Key to Successful Use of the Ratio Study is to Recognize That There Will be Differences Between Your Company and the Ratio Averages.

These differences are because of the products you sell, the way you market, or the size of your operation. Other differences exist because of the way you have organized your company and directed its resources to getting the job done. The different arrays in the Ratio Study help to take these things into account. These are the differences you ought to be looking for in the ratios.

The Law of Exception states that the key to controlling your company is identifying the differences between your firm and the industry and then determining why your firm is an exception.

Observe the Rules for Ratio Analysis.

Any analysis of the ratios should go beyond the numbers themselves; it should include a look at the numbers that go into computing the ratio, as well as the formula for computation. The following rules should help you avoid being misled by the numbers.

- Compare like items and numbers. Make sure that your accounts follow the IBFI Chart of Accounts so that each line item is comparable to the ratio averages. This chart of accounts is included at the end of the book.

- Analyze all substantial deviations from the norm, both highs and lows. There are two messages in this rule. The first is not to squander time on small differences. You might want to limit analysis to only those items where you are some percentage, like 25% for instance, higher or lower than norm. The second point is to look at both highs and lows. Many ocmpanies tend to look at only the items where they exceed the ratios, forgetting that low items may point to some strength that could be used to advantage.

- Ignore isolated numbers. Look at more than one ratio before coming to any conclusions.

- When investigating a particular ratio, look at both the numerator and the denominator. A ratio is made up of one number divided by another, either one of which could be the source of the deviation.

- Recognize compensating advantages. Salaries and benefits to owners of closely-held companies, for instance, may be higher than those paid to managers of publicly-held companies while profits may be lower.

- Consider seasonal variations. The industries you serve may have a different cycle than the norm.

- Critically review trends. Look at the direction of changes in your ratios over a number of years, not just a single year.

- Be aware that financial statement figures may be misleading. Remember that assets on the balance sheet are valued at their book, as opposed to market values, and that accounting income is not the same as actual income (due to the distortions introduced by the depreciation rules and other factors).

- Lastly, do not restrict the analysis of your company to ratio analysis. Ratio analysis is just one tool for assessing a company's performance. It should be supplemented by other tools, such as cash flow analysis and market research.

Consider Several Sources When Investigating Differences Between Ratios. Any of a number of factors may be the source of a difference between your company's figure and the industry standard for a particular ratio. The most likely sources are the following:

- Product Complexity -- Generally, increasing product complexity means higher value added. It could also explain why some cost centers, where the complex work is done, are higher than average while others are lower. More complexity may also require higher capital investment, more highly skilled, higher paid people, or more working capital.

- Manufacturing Capabilities -- The resources that a firm has available in terms of equipment and people not only impact the levels of costs and investment but also may account for different distribution of costs among various cost centers.

- Production Management -- The way a company has organized its resources and its approach to each particular job affects value added, profitability, working capital requirements -- in fact, just about every ratio there is.

- Markets Served/Market Strategies -- Marketing decisions affect the kind of work that comes in, how well it fits the company's capabilities, how profitable it will be, and even how the product will be made. Marketing strategies will also impact on working capital requirements and capital investment decisions.

Take a Constructive Approach to Analysis of the Ratios.

Once you are sure of the numbers behind the differences, the hardest task is figuring out the reasons for these differences in a constructive way. That means not making qualitative judgements about whether the differences are good or bad and especially not putting anyone on the defensive.

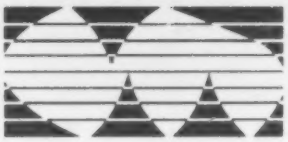
A well-regarded forms executive described his very simple approach to the ratios. He grouped his various cost centers according to the ratio chart of accounts. He then removed his company's information from the ratio averages. (A simple process, since the ratios are unweighted averages. Simply multiply the published ratio by the number of firms, subtract your ratios from that result and divide by the number of firms minus yours.) He compared the results to find any that differed from his, even in different size companies. Then he tried to figure out why or how the differences occurred.

The managers in his company with the responsibility for each cost center were given his facts and analyses of the results, but were not put on the defensive. He described the process as kind of a game which resulted in a healthy approach to improvement, better efficiency, and sometimes lower costs.

APPENDIX B

IBFI CHART OF ACCOUNTS AND RATIO STUDY QUESTIONNAIRE

International Business Forms Industries, Inc.



STANDARD CLASSIFICATION OF ACCOUNTS FOR BUSINESS FORMS COMPANIES

I. **Net Sales** -- The balance of Gross Sales for the period less Cash Allowances and Sales Discounts Earned is Net Sales.

A-E. **Business Forms Manufactured and Sold** -- Net sales of forms and printed products manufactured in your plant. Report separately the sales made through dealers and other manufacturers and the sales made directly to consumers.

G. **Forms Manufactured in Their Entirety by Others** -- Net sales of all forms sold by your company without further processing in your plant.

H. **Services and Other Products** -- Net sales of all non-printed products whether manufactured by your company or purchased for resale, and receipts for services provided and billed for such as inventory management, warehousing, systems design, etc.

II. Employee Breakowns

Classifying Employees:

Factory includes prepress personnel, machine operators and helpers, bindery personnel, maintenance and janitorial personnel, and any clerical staff that are concerned solely with production, e.g. production clerk-typists, production schedulers, inventory clerks, expediters, quality control and the like

Administrative includes all executives or officers active in the business, their secretaries, all accounting personnel, receptionists/switchboard staff, all data processing personnel, all purchasing personnel, general file clerks, all employees of the personnel department, finished goods inventory personnel, and credit department.

Sales includes all salesmen, sales and/or marketing managers, any advertising personnel, sales service personnel, estimators, order writers, any clerical personnel assigned to the sales department and all shipping and delivery personnel.

Split duties: Personnel whose duties put them into more than one of the above categories should be split up according to a rough estimate of time, e.g. 1/3 to sales and 2/3 to production. Part-time employees should be counted as a fraction, e.g. 1/2 if an employee works a 20-hour week. Any employees who are considered to be full-time but are temporarily on short hours due to market or similar conditions should still be counted as full-time.

Operating Statement

Item

1 VALUE OF PRODUCTION -- Business Forms Manufactured and Sold.

Work in Process and Finished Goods ... Beginning of Period ... End of Period -- The inventory of work in process and finished goods at the beginning of the period is deducted from Net Sales, and the inventory of work in process and finished goods at the end of the period is added, to obtain the Value of Production for the period.

Direct Materials Used

2 Paper -- Including Carbonless Paper and Freight Expense -- Do not decrease the cost of paper by sale of scrap and plates. These proceeds should be included in other income (line 51).

3 Carbon Paper -- Includes freight expense. Include here the direct cost of carbon paper manufactured for your own use.

Item

4 **Other Direct Materials** -- Trade composition, binding, ink, cartons and other materials.

5 **Outside Finished Products** -- Cost of forms manufactured in their entirety by others and sold without further processing in your plant.

These accounts (items 2 through 5) adjusted for changes in raw material inventory, summarize the cost value of materials and outside purchases chargeable to customers or used to increase finished goods or work-in process inventories during the period.

Factory Payroll

7 **Supervisory Salaries** -- This account will be restricted to the compensation earned by the following factory personnel: Plant manager, plant supervisor and foreman (restricted to the following direct department foremen), prepress foreman, press foreman, collator foreman, and general bindery foreman, and an allocation of compensation earned by executives for time devoted to factory production, and to preparation and scheduling thereof.

Wages-Direct -- This account shows wages, to include vacations, holidays, sick pay, and overtime premiums paid to factory employees (including apprentices and helpers) directly engaged in production. The category has been broken down as follows: (See Item II, Employee Breakdowns, for classification of employees).

8 **Prepress** -- Artists, designers, strippers, hot and cold typesetters, camera operators, plate makers, and other preparatory department employees.

9 **Press** -- Press operators and helpers.

10 **Collator Operators** -- Roll collator operators and helpers.

11 **General Bindery** -- Operators of tippers, drills, stitchers, paper cutters, film or shrink-wrapping machines, wrappers, and packagers (do not include general shipping room labor when engaged only in placing product in the carton), belt folders, interleavers, and padders.

12 **Total Paid to Direct Employees** -- The total direct wages paid to employees including overtime amounts shown in item 13.

13 **Direct Employee Overtime Wages** -- Includes overtime and premium time pay. These amounts are to be included in item 12 above.

14 **General Factory Salaries and Wages** -- This account will be restricted to the wages of all factory employees other than those covered under supervisory salaries, wages direct, packing and shipping, and delivery wages. Wages should include compensation for vacations, sick leave, holidays, bonuses, and overtime premiums. Examples of employees in this category will be as follows: Warehouse and material handlers, baler operators, maintenance (plant and machine), janitorial help, watchmen, foreman of any nondirect labor department, secretaries to factory supervisors, production clerk/typists, order editors, production planners, production schedulers, production control, inventory clerk (raw materials), expeditors, change coordinators, job ticker and negative file clerks, quality control, and industrial engineers.

15 **Packing, Shipping, and Delivery Wages** -- This account includes shipping clerks, traffic and routing clerks, packers (not to be confused with packagers which are included in the direct wage account, general bindery), truck drivers, and shipping department foremen.

16 **Payroll Taxes (Federal, state, local)** -- This account is charged with government taxes for retirement, unemployment benefits, etc.

Item

17 Employee Benefits -- This account is charged with premiums or other expense of disability or sick benefit insurance or plans, life insurance, pension, retirement or profit-sharing plans, etc. as they cover factory employees.

18 Total Payroll -- does not include line 13.

FACTORY EXPENSES

Factory Fixed Expenses -- Only those which relate to manufacturing facilities.

19 Occupancy Expense -- Rent, heat, utilities, leasehold improvements, building depreciation and amortization, and building maintenance.

20 Insurance -- Real estate, property, and strike insurance.

21 Taxes -- Real estate and property.

22 Depreciation -- Current charge to accumulated depreciation accounts of fixed assets. Payments for rent or lease of machinery or equipment are, for purposes of this report, included as depreciation. (See Balance Sheet definitions, Fixed Assets)

23 Total Factory Fixed Expenses

24 Other Factory Supplies and Expenses

Prepress Supplies and Expense -- Film plates, chemicals, parts, repairs, etc.

Press Supplies and Expense -- Numbering machines, recovering rollers, fountain solutions, blankets, punches, dyes, perf wheels, parts, repairs, etc.

Collator Supplies and Expense -- Includes glue, perf rules, parts, repairs, etc.

General Bindery Supplies and Expense -- Supplies, boxes (not cartons), film wrap, staples, twine, etc.

Packing and Shipping Materials and Supplies -- Include freight cost in item 46.

26 FACTORY COST OF PRODUCTION -- This item is the sum of the Material Used, Factory Payroll, and Factory Expenses items noted above.

27 GROSS PROFIT - FORMS MANUFACTURING -- The credit remaining after deducting Factory Cost of Production from Value of Production - Forms Manufacturing.

OTHER OPERATIONS

Many predominantly business forms companies manufacture, and or sell other products and services. The sales value and costs of these other operations should not be included in the report on forms manufacturing activities. Alternately, the administrative and selling expenses incurred in these other activities often cannot be logically separated from the forms operation. This is also especially true of reporting the financial position on the balance sheet.

Item

For those companies which cannot logically separate these operations, the IBFI Standard Classification provides a standardized treatment of these items so that the ratios of all companies are roughly comparable.

28 Value of Other Products and Services -- Net sales (Item I. H) adjusted for changes in work in process and finished goods inventories.

If the value of these other products or services are included in the price of forms, (and therefore within Items I. A through E), and they are substantial enough to understate your Cost of Forms Manufacturing ratios, some separation from the sales and costs of forms is desirable. The Chart of Accounts recommends computing the Value of Other Products and Services by applying a reasonable or representative mark-up to the cost of producing or providing these products or services. Be sure that this computed Value of Other Products or Services is not also included in Item 1, Value of Production - Forms Manufacturing or in Item I. F, Business Forms Sales.

29 Cost of Other Products and Services -- The direct costs, excluding administrative and selling expenses, of producing or providing these other products or services.

30 Gross Profit - Other Products and Services -- The credit remaining after deducting costs from the value of these other operations.

31 Gross Profit - All Operations -- Item 27 plus Item 30. The ratio for Gross profit - All Operations and all following ratios are computed as a percent of Total Value of All Products and Services (Item 1 plus Item 28).

Administrative Expenses

32 Administrative Expenses - Salaries, Executive -- Includes total compensation paid to President, Treasurer, all officers active in the business, General Manager, Administrative Assistants, Controller, Accounting Supervisor, Credit Manager, Data Processing Supervisor, Director of Purchases, and Director of Personnel. If an executive spends a portion or all of his time in such areas as sales, or general plant superintendent, his salary should be allocated to those cost centers based on the percentage of time expended in each area.

33 Salaries, Office -- Includes office personnel such as secretaries to administrative executives, purchasing agent, billing clerk, bookkeeper, general file clerk, switchboard operator, data processing personnel, office manager, and finished goods inventory clerk.

34-35 Payroll Taxes - Employee Benefits -- These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to Administrative Employees.

36 General Office Expense -- This account covers all of the various general expenses such as office supplies and services (towels, minor repairs to office machines, etc.), stationery, postage, telephone and telegraph, legal and accounting fees, donations, dues, fees, and expenses of membership in trade and other associations (not primarily for selling), travel expense (not primarily for selling), space or occupancy expense, etc.

Item

37 **Bad Debts** -- This account provides for losses on uncollectible accounts. Some firms also include cost of credit reports, and collection expenses such as legal fees, court costs, etc.

Selling Expenses

39 **Selling Expenses - Salaries, Executive** -- Includes compensation to sales managers who do not primarily solicit sales, direct or dealer, marketing manager, sales trainer, sales administrator, sales promotion manager, advertising manager, and sales service manager.

40 **Salaries and Commissions, Salesmen** -- This account is charged with salesmen's salaries and commissions in connection with selling.

41 **Sales, Sales Office Clerical** -- Includes salaries of the estimator, sales service personnel, secretaries and stenographers working with sales, and order writers.

42-43 **Payroll Taxes - Employee Benefits** -- These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to Sales Department Employees.

44 **Travel and Entertainment Expense** -- Travel and miscellaneous expenses (such as entertainment of customers and prospects) are charged to this account.

45 **General Selling Expense** -- Space or occupancy expense, office supplies, telephone, etc.

46 **Shipping and Delivery Expense** -- This account includes such items as freight, express, parcel post, outside delivery services, etc. Report the net expense after delivery to the customer, i.e., the total difference between the amounts billed to the customer and the amounts paid for transportation expense to the customer.

47 **Advertising** -- Charge to this account the cost of mailing lists bought or compiled; the expense of preparing, printing, and mailing the firm's advertising; the cost of newspaper, radio or television advertising or promotion; directory, novelty, and other forms of advertising.

50 **OPERATING INCOME OR LOSS** -- This is the credit (Operating Profit) that remains after subtracting Total Administrative and Selling Expenses from Gross Profit. If the expenses exceed the Gross Profit, the difference is an Operating Loss.

Other Income and Expense

51-52 **Other Income** -- Include sale of scrap and plates in item 51.

54-55 **Other Expense** -- This category breaks out separately interest expense and miscellaneous other expenses.

57 **Net Other Income or Expense** -- This is the net difference between Other Income and Other Expense. If the net balance is Income, it is, of course, added to Operating Income; if the net balance is Expense, it is deducted from Operating Income.

58 **NET INCOME OR LOSS (before Income Taxes)**

Item

BALANCE SHEET

ASSETS

Current Assets

100 Cash -- This account shows cash in bank and on hand.

101 Notes and Accounts Receivable -- This account shows as a balance the face value of all notes and outstanding charges held against others.

102 Allowance for Bad Debts -- This makes provision for possible losses from uncollectible customers' accounts.

104-108 Inventories -- Raw Materials, Finished Products, Work in Process, and Other Inventories.

109 Other Current Assets -- Shows other current assets not already listed, such as prepaid expenses, etc.

Fixed Assets

111 Real Estate, Land, Buildings -- Represents the gross cost or value of these investments. For purposes of this report, leaseholder should capitalize their rental expense. In several states an acceptable formula is to multiply your annual rent by 8. The liability could be reported in item 98, long-term liabilities.

112 Allowance for Depreciation on Buildings -- Measures the estimated cumulative depreciation.

114 Machinery and Equipment -- Capitalize leases as in item 111.

115 Allowance for Depreciation on Machinery and Equipment -- Measures the estimated cumulative depreciation.

117 Other Fixed Assets -- This account shows all other fixed assets not listed above.

118 Allowance for Depreciation on Other Fixed Assets -- Measures the estimated cumulative depreciation.

121 Other Assets -- Covers any other assets not listed above.

LIABILITIES

Current Liabilities

123 Notes Payable Within One Year -- This account shows obligations of the business, such as negotiable paper or other written promises, which the firm is to pay within one year.

124 Accounts Payable -- Shows the liability of the business for the total of balances owed creditors and due currently.

125 Other Current Liabilities -- This account shows all other obligations payable within one year.

Item

127 Long-Term Debt -- This account shows long-term obligations of the business, in excess of one year (do not include current portions of debt).

128 Other Long-Term Liabilities -- Such as deferred taxes and deferred income.

131 NET WORTH -- This account equals total assets minus liabilities. It includes any of these capital accounts:

Corporation Capital Stock, Issued and Outstanding -- This account represents the aggregate par or stated value of the original and subsequent investments made by stockholders in the Common or Preferred Stock of a corporate form of business, less any subsequent redemptions.

Corporation Surplus and Undivided Profits (Retained Earnings) -- This account, usually found only on the books of a corporation, shows the cumulative earnings of the business not distributed as dividends and not specifically reserved for some definite purpose.

Proprietary Capital (Individual Proprietorship or Partnership) -- This account shows the present net worth or net capital of the individual proprietorship or partnership form of business.

CLASSIFYING EMPLOYEES

Part-Time Employees

One of the important facts shown in the IBFI Ratio Study is the number of full-time employees in the average firm. This is the basis for computing the highly significant Pay per Employee, and Production or Sales per Employee.

It is necessary, therefore, that your listing of the number of employees in your firm be reasonably accurate. Note that the information requested is the average number of *"full-time"* employees.

If your firm has a substantial number of part-time employees you should count them as a proportionate number of full-time employees. For example, if you have 20 part time employees who work an average of 3 months (¼ of a year), they would be equivalent (¼th of 20) to 5 full-time employees.

Split-Time Employees

It is also important that employees be classified correctly as between Factory, Administrative (office), and Selling. There are some employees whose functions overlap into two or more of these areas. For any employees, especially Executives, whose time and effort are divided between Factory (Production), Administrative and/or Selling, accuracy requires that their salaries or wages be split or apportioned accordingly.

If only a minor amount of the executive's or employee's time is split, he should be classed, and his entire wage or salary apportioned to his predominant function – Factory, Administrative, or Selling. Where a split is indicated, a reasonable estimate of the split or apportionment is all that is necessary. The same rule applies to allocating production employee time between departments or jobs.

Split-Time Employees - continued

Estimators. If their function is primarily to prepare estimates for sales purposes, they should be classed as Selling Clerical. If their time is split between preparing sales estimates (Selling), checking Job Cost Sheets and preparing them for billing (Administrative), and/or compiling production records and standards (Factory), their time (salaries) should be split and apportioned accordingly.

Production Control or Scheduling: Employees who schedule and follow jobs through production to completion and delivery, should be classed as General Factory regardless of whether the work is done in the plant or in the office.

Sales Expediters. Employees whose primary job is to take over from salesmen the details of job preparation (ordering art work, photos and photo-engraving, maintaining customer contact for copy, proofs, etc.), should be classed as Selling Clerical. If they also follow jobs through the plant for production or production scheduling (Factory), their time (salaries) should be split accordingly between Selling Clerical and General Factory.

Purchasing Agents: Employees who specify and order paper, ink, and other Materials and Factory Supplies, should be classed as General Factory.

In Classifying employees, the *function* of the employee is the important consideration, not where the work is performed. Where doubt exists as to classification or split, preference should be given first to Factory, then to Selling, and finally to Administrative.

Proprietor's and Partner's "Salaries"

Proprietors or Partners should always include in their expenses of the business an adequate "salary" for their services, even if it is not actually drawn regularly. Otherwise, the real comparable profits of an unincorporated business may be grossly overstated. Of course, these "salaries" must later be deducted from expense in making tax returns. But they should be included in the expenses shown in IBFI Ratio reports from proprietorships and partnerships.

These Proprietor's or Partner's "salaries" should always be apportioned between Factory, Administrative and Selling according to reasonable estimates of time spent on each of these phases of the business, as explained above.

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1730 North Lynn Street, Arlington, Virginia 22209

FISCAL YEAR 1986

OPERATING COST SCHEDULE FOR BUSINESS FORMS COMPANIES

International Business Forms Industries, Inc.
1730 North Lynn Street
Arlington, Virginia 22209

Fiscal year ended _____

PLEASE!

Company code _____

Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

Zip code _____

Number of plants covered by this report _____

READ THE DEFINITIONS BEFORE COMPLETING THIS REPORT
COMPLETED QUESTIONNAIRES SHOULD BE RETURNED NO LATER THAN MARCH 27, 1987

	To Dealers		To Consumers		Total
I. Sales by Product and Distribution					
Business Forms:					
A. Continuous Custom	$_____	+	_____	=	$_____
B. Continuous Stock	$_____	+	_____	=	_____
C. Unit sets	_____	+	_____	=	_____
D. Sales/manifold books	_____	+	_____	=	_____
E. Commercial printing and other forms	_____	+	_____	=	_____
F. **Total products manufactured** *(sum of A-E)*	$_____	+	_____	=	$_____
G. Forms manufactured in their entirety by others	_____	+	_____	=	_____
H. Services and other products	_____	+	_____	=	_____
I. **Total Sales** *(sum of F-H)*	$_____	+	_____	=	$_____

II. Employee break-downs *(numbers of all paid employees including executives, partners, or owners):*

J. Factory *(average)* _____

K. Administrative *(average)* _____

L. Sales Department *(average)* _____

M. Total employees *(sum of J-L)* _____

III. Average Order Size—number of sets in an average order *(check one):*

☐ Under 10M ☐ 10-25M ☐ 26-50M ☐ 51-100M ☐ Over 100M

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

FORMS MANUFACTURING

Computation of Value of Production—Forms Manufacturing

	Omit Cents	Omit Cents
Net sales for latest fiscal year *(item F from page 1)*		
Less work in process and finished goods, beginning of year balances		
Add work in process and finished goods, end of year balances		
1a. Value of products manufactured		
1b. Outside purchases *(item G from page 1)*		
1. **Value of Production—Forms Manufacturing** *(1a. plus 1b.)*		
Cost of Production:		
Materials:		
2. Paper		
3. Carbon		
4. Other *(trade composition, binding, ink, carbons)*		
5. Outside finished products		
6. Total materials used *(sum of items 2-5)*		
Factory Payroll:		
7. Supervisory salaries		
Direct Wages *(including overtime but not payroll taxes or benefits)*		
8. Prepress		
9. Press		
10. Collator Operators		
11. General binders		
12. Total paid to direct employees *(sum of items 8-11)*		
13. Direct employee overtime wages *(included in 12 above)*		
14. General factory salaries and wages		
15. Packing, shipping, and delivery wages		
16. Payroll taxes for all employees		
17. Employee benefits for all employees		
18. Total factory payroll *(sum of items 7, 12, 14, 15, 16, 17; exclude line 13)*		
Factory Fixed Expenses:		
19. Occupancy expense		
20. Insurance		
21. Taxes *(real estate, property)*		
22. Depreciation		
23. Total factory fixed expenses *(sum of items 19-22)*		
24. Other factory supplies and expense		
25. Total factory expense *(sum of items 23, 24)*		
26. Total cost of production *(sum of items 6, 18, 25)*		
27. Gross profit—Forms Manufacturing *(item 1 less item 26)*		

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

OTHER OPERATIONS

	Omit Cents	Omit Cents
28. Value of other products or services *(item H adjusted for changes in inventories)*		
29. Cost of other products or services		
30. Gross Profit–Other Products or Services *(item 28 less item 29)*		
Forms Manufacturing and Other Operations		
31. Total Gross Profit–All Operation *(item 27 plus or minus 30)*		
Administrative Expenses		
32. Salaries, executive		
33. Salaries, office		
34. Payroll taxes		
35. Employee benefits		
36. General office expense		
37. Bad debts		
38. Total administrative expense *(sum of items 32-37)*		
Selling Expense		
39. Salaries, executive		
40. Salaries and commissions, salesmen		
41. Salaries, sales office clerical		
42. Payroll taxes		
43. Employee benefits		
44. Travel and entertainment expense		
45. General selling expense		
46. Shipping and delivery expense		
47. Advertising		
48. Total selling expense *(sum of items 39-47)*		
49. Total administrative and selling cost *(items 38 and 48)*		
50. Operating income (loss) *(item 31 less item 49)*		
Other Income and Expense *(Please be sure to put negative items in parentheses)*		
51. Gross proceeds from sale of scrap		
52. Other income		
53. Total other income *(items 51 & 52)*		
54. Interest expense		
55. Other expense		
56. Total other expense *(items 54 & 55)*		
57. Net other income (expense) *(item 53 less item 56)*		
58. Net income (loss) before income taxes *(item 50 plus or minus item 57)*		

(OVER FOR BALANCE SHEET)

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

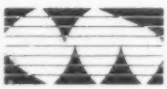
BALANCE SHEET
ASSETS

	Omit Cents	Omit Cents
Current Assets		
100. Cash		
101. Notes and accounts receivable		
102. Less allowance for bad debts		
103. Net receivables *(item 101 less item 102)*		
Inventories		
104. Raw materials		
105. Finished products		
106. Work in process		
107. Other inventories		
108. Total inventories *(sum of items 104-107)*		
109. Other current assets		
110. Total current assets *(sum of items 100, 103, 108, 109)*		
Fixed Assets		
111. Real estate *(land and building)*		
112. Less allowance for depreciation on buildings		
113. Net real estate *(item 111 less 112)*		
114. Machinery and equipment		
115. Less allowance for depreciation on machinery and equipment		
116. Net machinery and equipment *(item 114 less item 115)*		
117. Other fixed assets		
118. Less allowance for depreciation		
119. Net other fixed assets *(item 117 less item 118)*		
120. Total fixed assets *(items 113, 116, 119)*		
121. Other assets		
122. Total assets *(items 110, 120, 121)*		

LIABILITIES AND NET WORTH

Current Liabilities		
123. Notes payable within one year		
124. Accounts payable		
125. Other current liabilities		
126. Total current liabilities *(sum of items 123-125)*		
127. Long-term debt		
128. Other long-term liabilities		
129. Total long-term liabilities *(sum of items 127 and 128)*		
130. Total liabilities *(sum of items 126 and 129)*		
131. Total net worth *(item 122 less 130)*		
132. Total liabilities and net worth *(sum of items 130 and 131)*		

NAME OF PERSON TO CONTACT IN CASE OF QUERIES: _____



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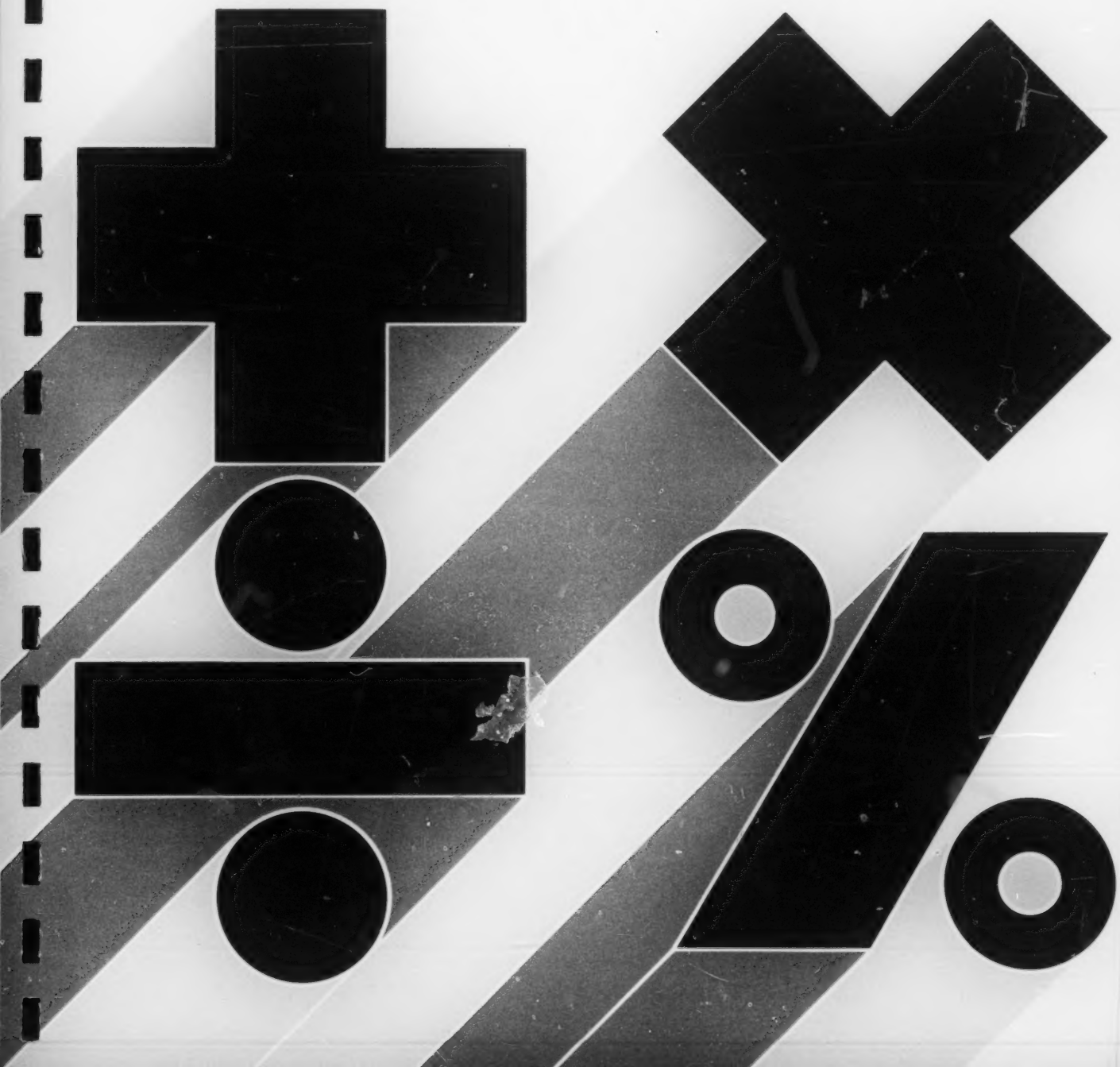
Ratio Study

1987–88 Edition

International Business Forms Industries, Inc.



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1987-88 ANNUAL RATIO STUDY

Prepared at the direction of the Financial Management & Economic Research Committee of International Business Forms Industries, Inc. for the benefit of the industry and its customers.

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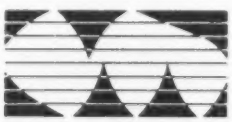

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NOTE TO PARTICIPANTS

This report was prepared by IBFI with the assistance of Garrison, Mathieson, Cosgray & Falk, Certified Public Accountants, and KLM Associates, a research and consulting firm which assisted with the tabulation of study results.

Throughout the production of this report, every possible step has been taken to ensure the confidentiality of participants' financial data. While our consultants did not audit the source data used to prepare the various schedules in this report, they did review the data for completeness, accuracy and plausibility. Where necessary, participants were contacted on questionable items. Eighty-six companies participated in the survey; all participants received individual reports prepared in confidence.

This study was conducted according to the IBFI Guidelines for Research Programs. Published data does not include information based on fewer than three responses nor does it include information in which more than 60% of the observed variable is due to a single response. The criteria used to determine which companies fall in the Leaders category is return on sales (income before tax as a percent of sales) of at least 8%.

Please remember to use care in comparing the data in this report with that in reports published in previous years. Although the bulk of the participants make an annual response to this survey, in any given category the sample can change quite significantly from one year to the next.

EXECUTIVE SUMMARY

Forms industry profitability reversed a four-year downward trend in 1987, as forms manufacturers benefited from a healthy U.S. economy (real GNP growth of 3.4%) and enjoyed a brief respite from the rising materials costs that depressed industry profit margins in 1986.

Two major paper price increases occurred in 1987, both in the second half of the year. These increases, on top of the three that occurred in 1986, reduced the level of price discounting by forms manufacturers; as a result, industry profitability improved.

Among all Ratio Study participants, ROI (return on investment) in 1987 was 12.2%--a whopping 33% jump over the prior year. Pre-tax return on sales (8.3%) and gross profit margin (29.5%) were also up sharply from 1986 levels.

Forms industry productivity also showed signs of improvement in 1987, as inventory turnover increased to 10.6 times per year--while average collection days of receivables was reduced to 48.8 days. In addition, average sales per employee surpassed the $100,000 mark ($102,240, to be exact). In constant dollars, this represented a 4.6% increase in sales/employee over 1986.

I. INTRODUCTION

Eighty-six companies responded to this survey, representing about 19% of the companies in the U.S. forms industry and 21% of industry shipments.*

Over 85% of sales were generated by companies with annual sales over $8 million. These firms also earned 90% of the profits among the firms participating in this study.

The average company in the sample earned 8.3% on sales; for the 37 companies that qualified as profit leaders, return on sales averaged 11.6%.

The most profitable category was firms with annual sales over $15 million; these companies earned a pretax profit of 9.8% and achieved a 14.4% return on investment.

The accompanying table summarizes the total values of key variables for the participating companies.

---

* Of the 86 participants, 9 were Canadian firms; data for these companies were re-stated in U.S. dollars and combined with the rest of the sample.

ABSOLUTE DATA

	# of Firms	Total Sales	Value of Production	Pretax Net Income	Total Assets	Workers
ALL FIRMS	86	1,429,945,384	1,395,906,813	116,233,939	731,105,759	13,720
By Company Size						
Under $3 million	15	29,764,293	29,948,963	1,141,816	21,008,458	402
$3-$8 million	32	173,323,098	172,004,994	6,332,520	75,112,938	2,155
$8-$15 million	18	173,792,138	175,862,657	11,216,497	94,354,083	1,887
Over $15 million	21	1,053,065,855	1,018,090,199	97,543,106	540,630,280	9,276
By Distribution Channel						
Direct	30	797,812,680	770,633,072	76,000,587	410,337,198	7,324
Indirect	52	496,446,019	493,250,638	33,714,808	278,494,247	5,488
Combination	4	135,686,685	132,023,103	6,518,544	42,274,314	908
By Product						
Unit Sets						
Direct	3	9,588,615	9,613,505	429,928	3,486,057	116
Indirect	6	35,170,165	35,215,053	2,287,618	16,954,498	404
Mixed Product						
Direct	20	663,224,290	634,379,057	70,569,773	343,504,316	6,251
Indirect	20	157,073,067	153,858,061	5,362,185	83,121,513	1,817
Custom Continuous						
Direct	6	56,202,532	56,285,992	1,526,132	34,578,554	532
Indirect	25	268,774,485	268,502,966	22,029,057	152,522,183	3,096
Stock Continuous						
Direct	1	*	*	*	*	*
Indirect	1	*	*	*	*	*
By Average Order Size						
0 - 10,000	22	605,539,517	586,910,795	67,981,138	312,846,537	5,601
10 - 25,000	49	566,391,199	561,467,129	34,378,099	291,411,274	5,798
25 - 50,000	11	130,713,502,	120,776,596	5,316,950	55,954,132	1,289
50 - 100,000	3	104,588,327	103,721,948	6,404,514	58,105,023	817
Over 100,000	1	*	*	*	*	*

*Insufficient Data

II. SUMMARY STATISTICS

The following tables present summary statistics for all companies participating in the survey. Statistics are presented for all firms, and are broken down by sales volume, primary product line, and primary distribution channel.

NOTES ON COMPUTING RATIOS

Gross plant investment is the total of all fixed assets before depreciation. Investment used to compute ROI is gross plant investment plus current assets.

Inventory turnover is expressed as times per year. It is total value of production divided by total inventories.

Days raw materials in inventory is computed by dividing raw materials inventory by total materials used multiplied by 365 days.

Collection days of receivables is computed by dividing accounts receivable by value of production divided by 365 days.

Cash flow ROI is computed by multiplying pretax income by 50% and adding depreciation. Net losses are deducted from depreciation.

Debt/Equity ratio refers to long-term debt only.

Other ratios are self-explanatory. The Chart of Accounts (Appendix B) provides a description of the items included in each account.

	ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	95.62	94.92
OUTSIDE PURCHASES	4.38	5.08
VALUE OF PRODUCTION	100.00	100.00
COST OF PRODUCTION		
MATERIALS		
PAPER	33.49	30.46
CARBON	3.58	3.53
OTHER	2.37	2.10
OUTSIDE FINISHED PRODUCT	4.82	6.09
TOTAL MATERIALS USED	44.27	42.18
FACTORY PAYROLL		
SUPERVISORY SALARIES	2.03	1.95
WAGES DIRECT		
PREPRESS	1.81	1.71
PRESS	5.10	4.75
COLLATOR OPERATORS	2.43	2.21
GENERAL BINDERY	0.87	0.81
TOTAL DIRECT WAGES	10.21	9.48
DIRECT OVERTIME WAGES	0.72	0.73
GEN. FACTORY SAL & WAGES	2.11	1.90
PACK., SHIP & DEL. WAGES	0.82	0.85
PAYROLL TAXES	1.16	1.02
EMPLOYEE BENEFITS	1.95	1.97
TOTAL FACTORY PAYROLL	18.29	17.16
FACTORY FIXED EXPENSES		
OCCUPANCY EXPENSE	1.70	1.61
INSURANCE	0.30	0.24
TAXES	0.36	0.33
DEPRECIATION	2.48	2.20
TOTAL FACTORY FIXED EXP.	4.85	4.39
OTHER FACT. SUPPLIES & EXP.	4.09	3.53
TOTAL FACTORY EXPENSE	8.93	7.91
TOTAL COST OF PRODUCTION	71.48	67.24
GROSS PROFIT-FORMS MFG.	28.52	32.76
OTHER OPERATIONS		
VALUE-OTHER PROD./SERVICES	2.54	2.55
COST-OTHER PROD./SERVICES	1.57	1.40
GROSS PROFIT-OTHER PROD/SER	0.97	1.15
TOTAL GROSS PROFIT-ALL OPER	29.49	33.91

	ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES		
EXECUTIVE SALARIES	1.96	1.90
OFFICE SALARIES	1.88	2.13
PAYROLL TAXES	0.24	0.25
EMPLOYEE BENEFITS	0.63	0.72
GENERAL OFFICE EXPENSE	3.25	3.33
BAD DEBTS	0.42	0.40
TOTAL ADMIN. EXPENSE	8.38	8.73
SELLING EXPENSE		
EXECUTIVE SALARIES	0.99	0.88
SALESMEN SAL. & COMMISS.	3.74	4.08
SALES-CLERICAL SALARIES	1.17	1.06
PAYROLL TAXES	0.30	0.26
EMPLOYEE BENEFITS	0.48	0.47
TRAVEL & ENTER. EXPENSE	0.45	0.40
GENERAL SELLING EXP.	1.71	1.71
SHIPPING & DEL. EXP.	1.12	1.14
ADVERTISING	2.21	3.21
TOTAL SELLING EXPENSE	12.16	13.20
TOTAL ADMINISTRATIVE & SELLING COST	20.54	21.93
OPERATING INCOME (LOSS)	8.95	11.98
OTHER INCOME & EXPENSE		
GROSS PROCEEDS-SCRAP SALE	0.25	0.24
OTHER INCOME	0.75	0.95
TOTAL OTHER INCOME	1.00	1.19
INTEREST EXPENSE	0.96	0.72
OTHER EXPENSE	0.66	0.82
TOTAL OTHER EXPENSE	1.62	1.53
NET OTHER INCOME (EXPENSE)	-0.62	-0.35
NET INCOME (LOSS) BEFORE TAXES	8.33	11.63
NUMBER OF COMPANIES	86	37

	ALL FIRMS	LEADERS
CURRENT ASSETS		
CASH	7.72	9.62
NOTES & ACCTS RECEIVABLE	26.42	26.56
LESS ALLOW FOR BAD DEBTS	0.89	0.97
NET RECEIVABLES	25.52	25.59
INVENTORIES		
RAW MATERIALS	10.83	9.76
FINISHED PRODUCTS	6.10	6.33
WORK IN PROCESS	1.84	1.32
OTHER	-0.81	0.03
TOTAL INVENTORIES	17.96	17.44
OTHER CURRENT ASSETS	1.77	1.95
TOTAL CURRENT ASSETS	52.97	54.59
FIXED ASSETS		
REAL ESTATE	18.30	20.30
LESS ALLOW FOR DEPR	4.19	4.70
NET REAL ESTATE	14.11	15.60
MACHINERY & EQUIPMENT	54.38	47.67
LESS ALLOW FOR DEPR	29.82	26.35
NET MACH & EQUIP	24.56	21.31
OTHER FIXED ASSETS	4.25	3.89
LESS ALLOW FOR REPR	2.11	1.76
NET OTHER FIXED ASSETS	2.15	2.14
TOTAL FIXED ASSETS	40.82	39.05
OTHER ASSETS	6.21	6.36
TOTAL ASSETS	100.00	100.00
CURRENT LIABILITIES		
NOTES PAYABLE (ONE YEAR)	5.06	4.36
ACCOUNTS PAYABLE	9.82	8.66
OTHER CURRENT LIABILITIES	8.04	8.28
TOTAL CURRENT LIABILITIES	22.93	21.30
LONG-TERM DEBT	19.26	13.48
OTHER LONG-TERM LIAB	4.88	2.95
TOTAL LONG-TERM LIAB	24.14	16.42
TOTAL LIABILITIES	47.07	37.73
TOTAL NET WORTH	52.93	62.27
TOTAL LIABILITIES & NET WORTH	100.00	100.00

	ALL FIRMS	LEADERS
EMPLOYEES		
PERCENT FACTORY	67.85	64.95
PERCENT ADMINISTRATIVE	16.45	18.80
PERCENT SALES	16.09	16.25
PRODUCTIVITY		
SALES/GROSS PLANT INVESTMENT	2.48	2.60
SALES/FACTORY EMPLOYEE	151778.33	165452.94
SALES/ADMIN EMPLOYEE	617663.35	571626.20
SALES/SALES EMPLOYEE	635569.12	661258.70
SALES/ALL EMPLOYEES	102239.52	107461.28
SALES LESS MAT/FACT. EMP.	84596.98	95682.54
FINANCIAL POSITION		
CURR ASSETS VS CURR LIAB	2.31	2.56
LIABILITIES VS NET WORTH	0.39	0.34
DEBT VS EQUITY	0.36	0.22
PAYROLL		
PAYROLL/FACTORY EMPLOYEE	23034.53	23455.88
PAYROLL/ADMIN EMPLOYEE	23696.84	22987.62
PAYROLL/SALES EMPLOYEE	37461.70	39777.26
PAYROLL/EMPLOYEE	25464.96	26020.24
PREPRESS % OF FACT PAYROLL	9.89	9.95
PRESS % OF FACTORY PAYROLL	32.98	27.71
COLL. OPER. % OF FACT. PAY.	13.49	12.89
GEN. BINDERY % OF FACT. PAY.	4.78	4.71
OVERTIME WAGE % OF FACT. PAY.	3.95	4.23
TAXES AND BENEFITS		
TAX & BENE/FACTORY EMP.	4722.10	4939.10
TAX % BENE/ADMIN EMP.	5401.14	5541.72
TAX % BENE/SALES EMP.	4923.64	5031.98
TAX % BENE/EMPLOYEE	4870.57	5029.88
ASSET TURNOVER		
INVENTORY TURNOVER TIMES/YR	10.63	10.70
DAYS RAW MAT. IN INVENTORY	46.79	45.28
COLLECTION DAYS OF RECEIV.	48.80	50.08
INVESTMENT		
NET WORTH % OF FIXED ASSETS	150.21	159.47
AVG PLANT INVEST/FACT EMP.	61155.10	63742.06
PROFIT		
GROSS PROFIT % OF SALES	29.49	33.91
INCOME BEFORE TAX % OF SALES	8.33	11.63
PROFIT % OF NET WORTH	29.01	34.84
CASH FLOW (ROI)	9.76	11.83
RETURN ON INVESTMENT	12.24	17.16

	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADER
VALUE-PRODUCTS MFGD.	87.87	87.64	89.48	88.5	90.07	88.76	92.34	91.55
OUTSIDE PURCHASES	12.13	12.36	10.52	11.50	9.93	11.24	7.66	8.45
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	26.62	26.39	28.21	27.14	28.49	26.96	30.58	28.67
CARBON	2.87	2.88	3.11	2.99	2.88	2.87	3.37	3.25
OTHER	1.32	1.24	1.47	1.42	1.58	1.38	1.89	1.64
OUTSIDE FINISHED PRODUCT	6.45	6.53	5.80	6.22	5.39	5.95	5.86	6.49
TOTAL MATERIALS USED	37.28	37.05	38.59	37.77	38.34	37.15	41.70	40.05
FACTORY PAYROLL								
SUPERVISORY SALARIES	2.15	2.15	2.22	2.17	2.27	2.19	1.94	1.96
WAGES DIRECT								
PREPRESS	1.89	1.87	2.02	1.92	2.02	1.99	1.68	1.69
PRESS	4.55	4.47	4.85	4.66	4.80	4.59	4.65	4.52
COLLATOR OPERATORS	2.02	1.98	2.24	2.11	2.35	2.10	2.03	2.00
GENERAL BINDERY	0.76	0.71	0.80	0.73	0.84	0.76	0.73	0.74
TOTAL DIRECT WAGES	9.23	9.03	9.91	9.43	10.01	9.44	9.09	8.94
DIRECT OVERTIME WAGES	0.86	0.86	0.83	0.86	0.94	0.93	0.75	0.77
GEN. FACTORY SAL & WAGES	1.88	1.90	1.85	1.81	1.97	1.92	2.01	1.88
PACK., SHIP & DEL. WAGES	0.95	0.94	0.89	0.93	0.88	0.93	0.90	0.91
PAYROLL TAXES	1.19	1.18	1.25	1.20	1.26	1.22	1.06	1.02
EMPLOYEE BENEFITS	1.81	1.82	1.89	1.87	1.89	1.91	1.88	1.87
TOTAL FACTORY PAYROLL	17.21	17.02	18.02	17.40	18.27	17.62	16.88	16.58
FACTORY FIXED EXPENSES								
OCCUPANCY EXPENSE	1.72	1.65	1.79	1.74	1.64	1.68	1.59	1.56
INSURANCE	0.64	0.64	0.63	0.63	0.59	0.61	0.38	0.40
TAXES	0.91	0.92	0.81	0.88	0.85	0.89	0.55	0.58
DEPRECIATION	1.87	1.77	2.14	1.91	2.11	2.02	1.99	1.88
TOTAL FACTORY FIXED EXP.	5.13	4.99	5.37	5.15	5.20	5.21	4.52	4.42
OTHER FACT. SUPPLIES & EXP.	3.85	3.82	4.05	3.88	4.17	4.06	3.77	3.53
TOTAL FACTORY EXPENSE	8.99	8.81	9.42	9.03	9.37	9.26	8.29	7.95
TOTAL COST OF PRODUCTION	63.46	62.87	66.04	64.20	65.98	64.04	66.87	64.57
GROSS PROFIT-FORMS MFG.	36.54	37.13	33.96	35.80	34.02	35.96	33.13	35.43
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	2.85	2.95	2.36	2.67	3.50	2.62	2.60	2.95
COST-OTHER PROD./SERVICES	1.28	1.32	1.06	1.20	1.77	1.18	1.44	1.50
GROSS PROFIT-OTHER PROD/SER	1.57	1.63	1.30	1.47	1.73	1.44	1.16	1.44
TOTAL GROSS PROFIT-ALL OPER	38.11	38.75	35.26	37.26	35.75	37.40	34.30	36.87

	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADER
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	1.52	1.46	1.73	1.55	1.53	1.48	1.62	1.62
OFFICE SALARIES	2.71	2.71	2.56	2.60	2.50	2.58	2.15	2.40
PAYROLL TAXES	0.66	0.67	0.60	0.63	0.57	0.62	0.38	0.42
EMPLOYEE BENEFITS	0.71	0.72	0.69	0.73	0.65	0.70	0.67	0.71
GENERAL OFFICE EXPENSE	3.51	3.53	3.41	3.44	3.41	3.41	3.40	3.49
BAD DEBTS	0.63	0.64	0.61	0.60	0.53	0.59	0.51	0.52
TOTAL ADMIN. EXPENSE	9.74	9.73	9.60	9.54	9.18	9.39	8.74	9.15
SELLING EXPENSE								
EXECUTIVE SALARIES	0.63	0.61	0.71	0.64	0.63	0.58	0.87	0.79
SALESMEN SAL. & COMMISS.	6.44	6.58	5.66	6.14	6.05	6.18	5.16	5.59
SALES-CLERICAL SALARIES	0.82	0.82	0.93	0.85	0.99	0.94	0.96	0.90
PAYROLL TAXES	0.37	0.37	0.36	0.35	0.37	0.37	0.32	0.31
EMPLOYEE BENEFITS	0.77	0.79	0.71	0.74	0.72	0.75	0.61	0.63
TRAVEL & ENTER. EXPENSE	0.35	0.35	0.37	0.35	0.40	0.36	0.41	0.39
GENERAL SELLING EXP.	2.75	2.83	2.54	2.69	2.48	2.63	2.17	2.20
SHIPPING & DEL. EXP.	1.22	1.24	1.15	1.18	1.18	1.16	1.22	1.24
ADVERTISING	4.22	4.36	3.52	3.98	3.43	3.92	3.38	3.91
TOTAL SELLING EXPENSE	17.58	17.95	15.95	16.92	16.24	16.89	15.10	15.96
TOTAL ADMINISTRATIVE & SELLING COST	27.32	27.68	25.55	26.46	25.43	26.27	23.84	25.11
OPERATING INCOME (LOSS)	10.79	11.07	9.71	10.80	10.32	11.13	10.46	11.76
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.26	0.26	0.28	0.27	0.27	0.27	0.23	0.23
OTHER INCOME	0.88	0.88	0.87	0.89	0.85	0.92	0.77	0.87
TOTAL OTHER INCOME	1.14	1.14	1.15	1.17	1.13	1.19	1.00	1.10
INTEREST EXPENSE	1.28	1.27	1.26	1.21	1.36	1.22	0.94	0.93
OTHER EXPENSE	1.04	1.05	1.03	1.04	1.01	1.10	0.73	0.84
TOTAL OTHER EXPENSE	2.32	2.32	2.28	2.26	2.36	2.32	1.67	1.77
NET OTHER INCOME (EXPENSE)	-1.18	-1.17	-1.13	-1.09	-1.24	-1.13	-0.67	-0.66
NET INCOME (LOSS) BEFORE TAXES	9.61	9.90	8.58	9.71	9.08	10.00	9.79	11.10
NUMBER OF COMPANIES	15	4	32	12	18	7	21	14

	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADER
CURRENT ASSETS								
CASH	12.04	11.70	10.72	11.29	9.91	10.86	9.00	10.41
NOTES & ACCTS RECEIVABLE	27.98	28.28	27.52	28.06	28.17	28.23	27.50	27.59
LESS ALLOW FOR BAD DEBTS	1.26	1.30	1.14	1.23	1.08	1.18	1.13	1.15
NET RECEIVABLES	26.72	26.97	26.38	26.83	27.10	27.04	26.37	26.44
INVENTORIES								
RAW MATERIALS	9.92	8.78	9.69	9.23	9.08	8.69	10.06	9.37
FINISHED PRODUCTS	8.68	9.11	7.79	8.51	8.15	8.30	7.87	8.04
WORK IN PROCESS	1.66	1.68	1.76	1.64	1.97	1.85	1.74	1.50
OTHER	0.12	0.01	0.00	-0.01	0.22	-0.04	-0.80	0.06
TOTAL INVENTORIES	19.38	19.58	19.25	19.37	19.42	18.80	18.87	18.97
OTHER CURRENT ASSETS	1.25	1.26	1.44	1.35	1.34	1.32	1.60	1.68
TOTAL CURRENT ASSETS	59.40	59.50	57.8	58.84	57.77	58.02	55.84	57.50
FIXED ASSETS								
REAL ESTATE	19.02	19.52	18.45	18.46	18.32	19.63	19.18	19.94
LESS ALLOW FOR DEPR	4.90	4.87	4.99	4.68	4.66	4.94	4.26	4.75
NET REAL ESTATE	14.12	14.64	13.47	13.79	13.65	14.69	14.92	15.19
MACHINERY & EQUIPMENT	43.90	41.90	49.32	43.76	46.43	44.24	46.57	44.02
LESS ALLOW FOR DEPR	21.82	20.32	26.34	21.98	23.33	22.42	23.85	22.70
NET MACH & EQUIP	22.09	21.58	22.98	21.78	23.10	21.82	22.72	21.32
OTHER FIXED ASSETS	1.23	0.92	2.12	1.37	1.73	1.58	2.68	2.33
LESS ALLOW FOR DEPR	0.70	0.46	1.20	0.77	0.81	0.68	1.25	1.05
NET OTHER FIXED ASSETS	0.53	0.45	0.92	0.60	0.92	0.90	1.43	1.28
TOTAL FIXED ASSETS	36.73	36.67	37.36	36.17	37.68	37.41	39.07	37.79
OTHER ASSETS	3.87	3.82	4.84	5.00	4.56	4.57	5.09	4.71
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE (ONE YEAR)	1.69	1.42	2.78	1.79	2.38	2.04	3.32	2.86
ACCOUNTS PAYABLE	9.40	9.26	9.54	9.12	9.34	9.10	9.58	9.01
OTHER CURRENT LIABILITIES	7.69	7.92	7.57	7.93	8.43	8.02	7.99	8.11
TOTAL CURRENT LIABILITIES	18.78	18.60	19.89	18.83	20.14	19.16	20.89	19.98
LONG-TERM DEBT	8.02	6.66	9.49	6.83	9.05	6.82	14.13	10.69
OTHER LONG-TERM LIAB	3.44	3.44	3.23	3.20	6.07	3.37	3.83	3.24
TOTAL LONG-TERM LIAB	11.46	10.09	12.72	10.03	15.12	10.19	17.95	13.92
TOTAL LIABILITIES	30.24	28.70	32.61	28.86	35.26	29.35	38.84	33.90
TOTAL NET WORTH	69.76	71.30	67.39	71.14	64.74	70.65	61.16	66.10
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADER
EMPLOYEES								
PERCENT FACTORY	70.8	61.34	73.11	73.24	72.42	72.84	64.77	63.13
PERCENT ADMINISTRATIVE	17.83	26.46	13.87	14.10	12.12	14.52	18.08	19.74
PERCENT SALES	11.37	12.2	13.02	12.66	15.48	12.64	17.15	17.13
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	1.49	2.55	2.20	2.79	2.28	2.10	2.63	2.64
SALES/FACTORY EMPLOYEE	94175.49	119881.77	112572.59	118370.73	121601.59	128765.88	172353.34	177149.90
SALES/ADMIN EMPLOYEE	373844.07	277959.83	593319.21	614870.19	726105.11	646049.48	617399.15	566509.25
SALES/SALES EMPLOYEE	586149.64	602840.82	632296.38	684597.73	568509.27	741997.43	650953.45	652801.97
SALES/ALL EMPLOYEES	66669.18	73540.19	82303.66	86691.88	88029.92	93794.42	111632.81	111831.92
SALES LESS MAT/FACT. EMP.	53959.24	72868.83	62888.70	65989.01	69301.25	79068.71	95578.55	102102.31
FINANCIAL POSITION								
CURR ASSETS VS CURR LIAB	2.57	2.06	2.01	2.31	2.13	2.13	2.39	2.62
LIABILITIES VS NET WORTH	0.39	0.43	0.49	0.39	0.40	0.32	0.38	0.34
DEBT VS EQUITY	0.69	0.47	0.46	0.20	0.38	0.14	0.34	0.22
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	17882.82	20128.03	20462.40	20939.73	23200.60	24102.00	23929.84	23737.30
PAYROLL/ADMIN EMPLOYEE	23649.42	20937.06	29313.80	26924.28	27657.79	24055.80	22122.64	22611.21
PAYROLL/SALES EMPLOYEE	28358.11	35709.69	29043.95	25008.68	32606.94	27932.43	40181.67	42075.10
PAYROLL/EMPLOYEE	20102.67	22242.87	22807.27	22298.76	25197.48	24579.49	26390.12	26656.46
PREPRESS % OF FACT PAYROLL	10.49	10.53	11.83	11.33	10.96	12.78	9.19	9.38
PRESS % OF FACTORY PAYROLL	31.92	20.53	31.86	30.01	33.65	24.20	33.18	28.00
COLL. OPER. % OF FACT. PAY.	13.41	9.89	16.10	15.85	16.05	13.14	12.37	12.55
GEN. BINDERY % OF FACT. PAY.	10.24	9.39	5.47	5.40	5.42	5.55	4.27	4.47
OVERTIME WAGE % OF FACT. PAY.	2.79	1.21	3.33	4.07	5.10	6.11	3.87	4.02
TAXES AND BENEFITS								
TAX & BENE/FACTORY EMP.	2737.16	2642.07	4110.36	4323.90	4507.28	5498.54	5036.50	4970.98
TAX % BENE/ADMIN EMP.	3380.32	2625.32	5601.85	7071.94	5007.00	5214.01	5517.58	5494.54
TAX % BENE/SALES EMP.	2638.04	2805.10	4125.95	2390.02	5488.26	5103.90	5211.31	5229.86
TAX % BENE/EMPLOYEE	2835.72	2671.67	4359.53	4542.53	4581.33	5427.72	5147.95	5066.92
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	8.58	11.80	12.83	14.44	10.33	16.39	10.45	10.11
DAYS RAW MAT. IN INVENTORY	70.09	52.96	48.34	48.27	44.41	39.01	46.29	45.51
COLLECTION DAYS OF RECEIV.	58.79	39.94	39.98	42.61	52.14	48.54	49.44	50.97
INVESTMENT								
NET WORTH % OF FIXED ASSETS	175.09	142.29	125.66	172.18	166.78	155.71	151.16	159.18
AVG PLANT INVEST/FACT EMP.	63100.44	46932.25	51136.27	42360.22	53394.25	61263.79	65565.11	67080.19
PROFIT								
GROSS PROFIT % OF SALES	23.16	35.92	22.57	23.54	24.97	25.52	31.63	35.63
INCOME BEFORE TAX % OF SALES	3.74	12.32	3.72	8.07	6.38	11.01	9.58	12.00
PROFIT % OF NET WORTH	7.78	52.69	16.41	31.44	22.08	32.39	32.25	35.20
CASH FLOW (ROI)	5.43	12.30	7.77	12.13	9.17	13.47	10.42	11.63
RETURN ON INVESTMENT	3.50	20.63	5.44	13.68	8.93	15.61	14.44	17.55

	DIRECT		DIRECT CONT CUST		DIRECT UNIT SETS		DIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	92.44	93.09	89.69	*	95.78	*	93.19	93.77
OUTSIDE PURCHASES	7.56	6.91	10.31		4.22		6.81	6.23
VALUE OF PRODUCTION	100.00	100.00	100.00		100.00		100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	28.75	28.50	30.65		25.01		26.95	26.50
CARBON	3.74	3.85	2.59		4.45		3.21	3.21
OTHER	1.76	1.68	2.64		5.86		1.58	1.53
OUTSIDE FINISHED PRODUCT	8.25	8.23	8.78		1.59		8.07	8.07
TOTAL MATERIALS USED	42.49	42.26	44.66		36.90		39.81	39.31
FACTORY PAYROLL								
SUPERVISORY SALARIES	1.95	1.80	2.09		1.63		2.00	1.83
WAGES DIRECT								
PREPRESS	1.58	1.50	1.88		4.99		1.68	1.68
PRESS	4.48	4.42	5.78		6.90		4.45	4.55
COLLATOR OPERATORS	1.79	1.51	2.43		3.12		1.91	1.67
GENERAL BINDERY	0.70	0.65	1.24		2.22		0.71	0.72
TOTAL DIRECT WAGES	8.56	8.07	11.33		17.23		8.76	8.61
DIRECT OVERTIME WAGES	0.64	0.62	0.91		0.63		0.64	0.66
GEN. FACTORY SAL & WAGES	2.00	2.00	2.54		0.26		2.17	2.22
PACK., SHIP & DEL. WAGES	0.92	0.95	0.68		0.86		0.90	0.91
PAYROLL TAXES	0.91	0.84	1.47		1.25		0.89	0.87
EMPLOYEE BENEFITS	1.82	1.88	0.98		1.44		1.91	1.92
TOTAL FACTORY PAYROLL	16.16	15.55	19.09		22.67		16.62	16.36
FACTORY FIXED EXPENSES								
OCCUPANCY EXPENSE	1.51	1.44	2.15		2.96		1.46	1.43
INSURANCE	0.22	0.18	0.32		1.09		0.21	0.19
TAXES	0.33	0.31	0.47		0.20		0.33	0.32
DEPRECIATION	1.81	1.74	2.10		2.82		1.81	1.74
TOTAL FACTORY FIXED EXP.	3.86	3.67	5.04		7.07		3.81	3.67
OTHER FACT. SUPPLIES & EXP.	3.35	3.17	2.86		4.19		3.55	3.36
TOTAL FACTORY EXPENSE	7.20	6.84	7.90		11.27		7.36	7.03
TOTAL COST OF PRODUCTION	65.85	64.65	71.65		70.84		63.80	62.70
GROSS PROFIT-FORMS MFG.	34.15	35.35	28.35		29.16		36.20	37.30
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	4.18	3.58	0.61		0.00		5.03	4.13
COST-OTHER PROD./SERVICES	2.42	1.83	0.34		0.00		2.91	2.12
GROSS PROFIT-OTHER PROD/SER	1.76	1.74	0.27		0.00		2.12	2.01
TOTAL GROSS PROFIT-ALL OPER	35.91	37.10	28.62		29.16		38.32	39.31

* Insufficient Data

	DIRECT		DIRECT CONT CUST		DIRECT UNIT SETS		DIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	1.81	1.76	1.28	*	5.39	*	1.90	1.84
OFFICE SALARIES	2.46	2.45	2.19		4.52		2.64	2.62
PAYROLL TAXES	0.25	0.24	0.32		0.48		0.25	0.26
EMPLOYEE BENEFITS	0.76	0.81	0.55		0.65		0.83	0.88
GENERAL OFFICE EXPENSE	3.57	3.71	2.51		1.35		3.95	4.08
BAD DEBTS	0.46	0.50	0.18		0.16		0.53	0.56
TOTAL ADMIN. EXPENSE	9.30	9.46	7.03		12.57		10.10	10.24
SELLING EXPENSE								
EXECUTIVE SALARIES	1.09	1.08	1.84		1.29		0.94	0.98
SALESMEN SAL. & COMMISS.	5.83	5.37	7.92		6.02		5.75	5.40
SALES-CLERICAL SALARIES	0.87	0.74	1.05		0.18		0.86	0.72
PAYROLL TAXES	0.33	0.27	0.67		0.49		0.27	0.23
EMPLOYEE BENEFITS	0.56	0.51	0.55		0.71		0.55	0.49
TRAVEL & ENTER. EXPENSE	0.51	0.40	0.82		0.39		0.45	0.35
GENERAL SELLING EXP.	2.03	1.87	1.87		1.07		2.00	1.80
SHIPPING & DEL. EXP.	1.30	1.28	1.54		1.10		1.42	1.45
ADVERTISING	3.71	4.36	0.19		0.19		4.48	5.02
TOTAL SELLING EXPENSE	16.22	15.89	16.44		11.43		16.73	16.44
TOTAL ADMINISTRATIVE & SELLING COST	25.51	25.35	23.47		24.00		26.83	26.68
OPERATING INCOME (LOSS)	10.40	11.75	5.16		5.16		11.49	12.63
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.20	0.21	0.26		0.25		0.18	0.19
OTHER INCOME	0.80	0.89	0.22		0.62		0.92	0.98
TOTAL OTHER INCOME	1.00	1.10	0.48		0.86		1.10	1.17
INTEREST EXPENSE	0.84	0.67	1.84		0.19		0.65	0.59
OTHER EXPENSE	0.70	0.83	0.08		1.37		0.81	0.92
TOTAL OTHER EXPENSE	1.54	1.50	2.92		1.55		1.47	1.51
NET OTHER INCOME (EXPENSE)	-0.54	-0.4	-2.45		-0.69		-0.37	-0.34
NET INCOME (LOSS) BEFORE TAXES	9.86	11.35	2.71		4.47		11.12	12.29
NUMBER OF COMPANIES	31	16	6	1	3	2	21	12

*Insufficient Data

	DIRECT		DIRECT CONT CUST		DIRECT UNIT SETS		DIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
CURRENT ASSETS								
CASH	9.73	10.43	10.05	*	16.90	*	10.23	11.22
NOTES & ACCTS RECEIVABLE	27.43	27.46	26.10		34.96		27.20	27.17
LESS ALLOW FOR BAD DEBTS	1.07	1.19	0.33		0.04		1.22	1.29
NET RECEIVABLES	26.37	26.27	25.78		34.92		25.98	25.88
INVENTORIES								
RAW MATERIALS	9.94	10.06	9.41		12.10		9.63	9.70
FINISHED PRODUCTS	8.53	8.38	11.60		4.25		8.00	8.02
WORK IN PROCESS	1.71	1.42	1.79		1.51		1.81	1.52
OTHER	0.36	0.08	1.43		0.16		0.29	0.09
TOTAL INVENTORIES	20.55	19.94	24.23		18.02		19.73	19.34
OTHER CURRENT ASSETS	1.71	1.81	1.16		4.56		1.75	1.86
TOTAL CURRENT ASSETS	58.35	58.45	61.23		74.41		57.70	58.30
FIXED ASSETS								
REAL ESTATE	19.70	19.53	19.90		0.00		19.82	19.14
LESS ALLOW FOR DEPR	4.48	4.68	3.85		0.00		4.69	4.78
NET REAL ESTATE	15.23	14.85	16.05		0.00		15.12	14.37
MACHINERY & EQUIPMENT	46.64	45.00	47.46		91.09		46.70	45.39
LESS ALLOW FOR DEPR	26.13	24.73	28.92		67.20		25.53	24.40
NET MACH & EQUIP	20.51	20.27	18.54		23.89		21.17	21.00
OTHER FIXED ASSETS	3.98	3.98	3.43		5.53		3.93	3.75
LESS ALLOW FOR DEPR	2.00	1.88	2.27		4.15		1.86	1.69
NET OTHER FIXED ASSETS	1.98	2.10	1.15		1.38		2.07	2.06
TOTAL FIXED ASSETS	37.72	37.21	35.74		25.28		38.36	37.42
OTHER ASSETS	3.93	4.34	3.03		0.31		3.94	4.28
TOTAL ASSETS	100.00	100.00	100.00		100.00		100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE (ONE YEAR)	5.79	5.09	11.14		1.43		5.30	4.82
ACCOUNTS PAYABLE	8.41	7.87	10.95		10.13		7.81	7.46
OTHER CURRENT LIABILITIES	9.73	9.87	7.08		10.39		9.81	9.75
TOTAL CURRENT LIABILITIES	23.93	22.83	29.17		21.96		22.92	22.03
LONG-TERM DEBT	13.43	12.71	27.11		2.70		12.06	12.17
OTHER LONG-TERM LIAB	5.81	2.79	18.05		1.64		5.11	3.10
TOTAL LONG-TERM LIAB	19.25	15.50	45.16		4.34		17.16	15.27
TOTAL LIABILITIES	43.17	38.33	74.32		26.29		40.09	37.30
TOTAL NET WORTH	56.83	61.67	25.68		73.71		59.91	62.70
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00		100.00		100.00	100.00

*Insufficient Data

	DIRECT		DIRECT CONT CUST		DIRECT UNIT SETS		DIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
EMPLOYEES								
PERCENT FACTORY	61.36	60.65	70.77	*	73.28	*	60.01	60.64
PERCENT ADMINISTRATIVE	20.43	21.39	14.85		12.07		21.85	22.52
PERCENT SALES	19.22	17.96	14.39		14.66		18.13	16.84
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	2.67	2.79	2.30		2.85		2.62	2.72
SALES/FACTORY EMPLOYEE	175454.11	181113.86	171603.63		113100.06		170338.77	173845.35
SALES/ADMIN EMPLOYEE	517177.16	513636.59	712480.91		686678.93		467762.17	468246.77
SALES/SALES EMPLOYEE	550711.82	611495.31	450287.94		565500.29		563722.13	626076.86
SALES/ALL EMPLOYEES	105874.22	109846.34	105800.74		82875.04		102224.23	105428.37
SALES LESS MAT/FACT. EMP.	100908.67	104575.27	94970.36		71365.56		102527.62	105505.90
FINANCIAL POSITION								
CURR ASSETS VS CURR LIAB	2.44	2.56	2.10		3.39		2.52	2.65
LIABILITIES VS NET WORTH	0.37	0.37	0.85		0.12		0.34	0.35
DEBT VS EQUITY	0.24	0.21	1.06		0.04		0.20	0.19
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	23563.97	23227.33	28541.87		22592.87		23556.19	23584.03
PAYROLL/ADMIN EMPLOYEE	22074.89	21596.05	24676.24		68117.79		21200.62	20883.62
PAYROLL/SALES EMPLOYEE	42882.36	43950.59	48661.91		42347.94		42581.88	44455.14
PAYROLL/EMPLOYEE	26973.68	26601.10	32695.29		30982.40		26491.49	26490.61
PREPRESS % OF FACT PAYROLL	9.81	9.64	9.83		22.03		10.12	10.24
PRESS % OF FACTORY PAYROLL	37.05	28.43	37.88		66.10		36.47	27.83
COLL. OPER. % OF FACT. PAY.	11.10	9.70	12.75		13.74		11.52	10.21
GEN. BINDERY % OF FACT. PAY.	4.35	4.16	6.48		9.80		4.28	4.37
OVERTIME WAGE % OF FACT. PAY.	3.96	3.98	4.79		2.79		3.88	4.02
TAXES AND BENEFITS								
TAX & BENE/FACTORY EMP.	4784.74	4935.59	4213.86		3046.68		4762.38	4853.88
TAX % BENE/ADMIN EMP.	5205.27	5385.24	6201.68		7788.93		5078.07	5319.19
TAX % BENE/SALES EMP.	4606.11	4808.92	4561.81		2689.10		4755.63	4692.74
TAX % BENE/EMPLOYEE	4892.07	5005.22	4805.30		4166.14		4807.57	4904.68
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	9.14	9.60	6.72		15.30		9.36	9.59
DAYS RAW MAT. IN INVENTORY	45.49	45.39	47.24		43.41		47.82	48.58
COLLECTION DAYS OF RECEIV.	51.25	50.11	57.80		46.22		51.35	50.93
INVESTMENT								
NET WORTH % OF FIXED ASSETS	188.71	165.73	116.25		610.22		194.64	167.53
AVG PLANT INVEST/FACT EMP.	65699.94	64833.23	74621.19		39628.82		64973.41	64020.90
PROFIT								
GROSS PROFIT % OF SALES	35.91	37.10	28.62		29.16		38.32	39.31
INCOME BEFORE TAX % OF SALES	9.86	11.35	2.71		4.47		11.12	12.29
PROFIT % OF NET WORTH	32.05	35.22	14.95		13.67		33.81	36.36
CASH FLOW (ROI)	9.84	11.17	4.26		8.14		10.63	11.55
RETURN ON INVESTMENT	14.39	17.11	3.34		7.21		16.03	18.01

*Insufficient Data

	INDIRECT		INDIRECT CONT CUST		INDIRECT UNIT SETS		INDIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	99.48	99.39	99.40	99.03	99.47	*	99.51	100.00
OUTSIDE PURCHASES	0.52	0.61	0.60	0.97	0.53		0.49	0.00
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00		100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	35.81	35.38	32.11	29.52	37.98		36.22	33.84
CARBON	2.98	2.60	2.36	1.89	4.75		3.63	4.28
OTHER	3.01	2.96	2.85	3.01	1.50		3.26	1.26
OUTSIDE FINISHED PRODUCT	0.70	0.87	0.90	1.31	0.69		0.50	0.22
TOTAL MATERIALS USED	42.51	41.84	38.22	35.73	44.93		43.66	39.60
FACTORY PAYROLL								
SUPERVISORY SALARIES	2.35	2.39	2.48	2.40	2.11		2.46	3.55
WAGES DIRECT								
PREPRESS	2.58	2.36	2.94	2.63	2.60		2.45	2.90
PRESS	6.45	5.68	6.93	6.38	6.68		6.53	5.44
COLLATOR OPERATORS	3.85	3.91	4.36	4.59	3.77		3.67	3.99
GENERAL BINDERY	1.29	1.19	1.07	0.89	1.61		1.62	2.09
TOTAL DIRECT WAGES	14.18	13.14	15.30	14.49	14.66		14.28	14.41
DIRECT OVERTIME WAGES	0.94	0.87	1.06	1.00	0.44		1.03	1.19
GEN. FACTORY SAL & WAGES	2.06	1.61	1.99	1.63	1.44		2.67	2.82
PACK., SHIP & DEL. WAGES	0.56	0.57	0.49	0.54	0.95		0.72	0.87
PAYROLL TAXES	1.61	1.45	1.71	1.55	1.56		1.64	1.67
EMPLOYEE BENEFITS	2.27	2.17	2.73	2.46	1.66		1.81	2.35
TOTAL FACTORY PAYROLL	23.03	21.33	24.70	23.07	22.37		23.57	25.67
FACTORY FIXED EXPENSES								
OCCUPANCY EXPENSE	2.30	2.11	2.48	2.39	1.54		2.55	2.76
INSURANCE	0.41	0.36	0.34	0.24	0.95		0.41	0.45
TAXES	0.41	0.40	0.49	0.44	0.52		0.28	0.30
DEPRECIATION	3.80	3.38	3.48	3.75	3.67		4.84	3.43
TOTAL FACTORY FIXED EXP.	6.93	6.25	6.79	6.82	6.68		8.09	6.94
OTHER FACT. SUPPLIES & EXP.	5.13	4.30	4.53	4.45	6.20		6.54	5.46
TOTAL FACTORY EXPENSE	12.05	10.55	11.32	11.27	12.88		14.63	12.40
TOTAL COST OF PRODUCTION	77.58	73.68	74.24	70.06	80.18		81.80	77.67
GROSS PROFIT-FORMS MFG.	22.42	26.32	25.76	29.94	19.82		18.20	22.33
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	0.66	0.02	0.06	0.04	0.00		2.00	0.00
COST-OTHER PROD./SERVICES	0.65	0.37	0.03	0.00	0.00		1.48	0.00
GROSS PROFIT-OTHER PROD/SER	0.00	-0.35	0.03	0.04	0.00		0.52	0.00
TOTAL GROSS PROFIT-ALL OPER	22.42	25.97	25.79	29.98	19.82		18.72	22.33

*Insufficient Data

	INDIRECT		INDIRECT CONT CUST		INDIRECT UNIT SETS		INDIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	2.46	2.40	2.95	2.91	2.33	*	1.97	1.99
OFFICE SALARIES	1.41	1.40	1.25	1.36	1.63		1.83	2.26
PAYROLL TAXES	0.28	0.28	0.31	0.30	0.32		0.25	0.31
EMPLOYEE BENEFITS	0.49	0.51	0.59	0.54	0.35		0.37	0.52
GENERAL OFFICE EXPENSE	3.03	2.41	3.64	2.58	2.28		2.47	2.74
BAD DEBTS	0.34	0.17	0.41	0.14	0.34		0.24	0.29
TOTAL ADMIN. EXPENSE	8.02	7.16	9.17	7.83	7.25		7.13	8.10
SELLING EXPENSE								
EXECUTIVE SALARIES	0.66	0.35	0.71	0.35	1.51		0.50	0.44
SALESMEN SAL. & COMMISS.	0.93	0.88	0.66	0.86	1.10		1.35	0.88
SALES-CLERICAL SALARIES	1.90	1.95	2.49	2.73	0.80		1.51	0.78
PAYROLL TAXES	0.25	0.24	0.29	0.29	0.23		0.21	0.13
EMPLOYEE BENEFITS	0.35	0.35	0.42	0.40	0.28		0.23	0.26
TRAVEL & ENTER. EXPENSE	0.38	0.42	0.37	0.41	0.48		0.38	0.63
GENERAL SELLING EXP.	1.31	1.32	1.38	1.17	0.67		1.49	1.74
SHIPPING & DEL. EXP.	0.55	0.54	0.63	0.65	0.04		0.64	0.83
ADVERTISING	0.35	0.36	0.43	0.48	0.40		0.27	0.23
TOTAL SELLING EXPENSE	6.68	6.41	7.40	7.32	5.52		6.59	5.93
TOTAL ADMINISTRATIVE & SELLING COST	14.70	13.56	16.57	15.15	12.76		13.72	14.03
OPERATING INCOME (LOSS)	7.72	12.41	9.22	14.83	7.05		5.00	8.30
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.37	0.27	0.36	0.18	0.39		0.42	0.50
OTHER INCOME	0.82	1.20	0.60	0.83	0.94		0.83	1.70
TOTAL OTHER INCOME	1.19	1.47	0.96	1.01	1.33		1.25	2.20
INTEREST EXPENSE	1.30	0.71	1.22	0.92	0.76		1.85	0.72
OTHER EXPENSE	0.78	0.88	0.76	0.79	1.13		0.91	1.71
TOTAL OTHER EXPENSE	2.08	1.59	1.98	1.71	1.88		2.76	2.43
NET OTHER INCOME (EXPENSE)	-0.89	-0.12	-1.02	-0.70	-0.56		-1.51	-0.23
NET INCOME (LOSS) BEFORE TAXES	6.84	12.29	8.20	14.13	6.50		3.49	8.07
NUMBER OF COMPANIES	52	20	25	11	6	2	20	6

*Insufficient Data

	INDIRECT		INDIRECT CONT CUST		INDIRECT UNIT SETS		INDIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
CURRENT ASSETS								
CASH	7.26	8.58	4.63	7.02	10.89	*	5.36	6.12
NOTES & ACCTS RECEIVABLE	22.90	23.99	22.36	22.00	23.09		22.64	27.99
LESS ALLOW FOR BAD DEBTS	0.60	0.48	0.72	0.54	0.33		0.48	0.34
NET RECEIVABLES	22.30	23.51	21.64	21.46	22.75		22.17	27.65
INVENTORIES								
RAW MATERIALS	11.94	11.83	9.23	7.22	14.14		9.15	13.11
FINISHED PRODUCTS	1.46	1.86	1.03	1.41	0.57		1.47	0.61
WORK IN PROCESS	1.49	1.50	1.28	1.17	1.09		2.20	1.61
OTHER	1.50	0.15	0.10	-0.19	0.00		0.47	0.24
TOTAL INVENTORIES	16.39	15.34	11.65	9.60	15.80		13.29	15.58
OTHER CURRENT ASSETS	2.39	2.94	2.43	3.07	1.02		1.77	2.53
TOTAL CURRENT ASSETS	48.34	50.37	40.35	41.14	50.47		42.58	51.88
FIXED ASSETS								
REAL ESTATE	11.83	18.17	21.63	24.26	6.93		9.59	15.54
LESS ALLOW FOR DEPR	3.25	5.37	4.96	5.97	2.44		3.08	5.58
NET REAL ESTATE	8.58	12.80	16.66	18.29	4.48		6.51	9.96
MACHINERY & EQUIPMENT	73.70	65.29	59.64	57.80	75.00		85.48	76.95
LESS ALLOW FOR DEPR	39.54	40.92	33.97	34.83	39.29		44.08	49.81
NET MACH & EQUIP	34.17	24.38	25.67	22.97	35.71		41.39	27.14
OTHER FIXED ASSETS	6.51	6.34	3.95	3.75	4.41		8.34	6.93
LESS ALLOW FOR REPR	3.47	3.14	1.89	1.45	2.08		4.29	3.39
NET OTHER FIXED ASSETS	3.04	3.20	2.06	2.30	2.33		4.06	3.53
TOTAL FIXED ASSETS	45.79	40.39	44.39	43.57	42.52		51.97	40.63
OTHER ASSETS	5.87	9.24	15.25	15.29	7.01		5.45	7.49
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00		100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE (ONE YEAR)	7.37	8.81	4.00	2.27	9.19		5.82	6.82
ACCOUNTS PAYABLE	10.51	9.21	10.33	10.34	10.39		10.28	10.97
OTHER CURRENT LIABILITIES	8.16	7.92	6.27	4.67	5.47		6.36	7.04
TOTAL CURRENT LIABILITIES	26.04	25.94	20.60	17.28	25.05		22.46	24.84
LONG-TERM DEBT	28.05	16.48	29.10	15.03	12.82		33.02	13.54
OTHER LONG-TERM LIAB	8.82	1.83	3.25	3.87	1.77		6.89	2.54
TOTAL LONG-TERM LIAB	36.87	18.31	32.34	18.91	14.59		39.90	16.08
TOTAL LIABILITIES	62.91	44.25	52.95	36.18	39.64		62.37	40.92
TOTAL NET WORTH	37.09	55.75	47.05	63.82	60.36		37.63	59.08
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00		100.00	100.00

*Insufficient Data

	INDIRECT		INDIRECT CONT CUST		INDIRECT UNIT SETS		INDIRECT MIXED PROD	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
EMPLOYEES								
PERCENT FACTORY	76.16	73.98	87.79	73.92	81.92	*	76.69	71.85
PERCENT ADMINISTRATIVE	12.46	13.43	12.40	12.16	12.62		12.82	20.03
PERCENT SALES	11.39	12.59	12.21	13.91	5.45		10.50	8.12
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	2.05	2.18	2.07	1.88	2.41		1.79	2.42
SALES/FACTORY EMPLOYEE	118173.87	134981.92	115039.83	134319.78	106389.89		110853.54	102437.44
SALES/ADMIN EMPLOYEE	722214.21	743718.67	699226.47	816308.04	690491.24		663267.06	367442.72
SALES/SALES EMPLOYEE	790301.12	793211.77	710325.31	713776.59	999684.23		809225.59	906788.98
SALES/ALL EMPLOYEES	89992.16	99863.27	86725.76	99295.53	87165.97		85002.57	73603.23
SALES LESS MAT/FACT. EMP.	67956.46	78554.05	71068.51	86326.11	58590.38		62517.35	61874.45
FINANCIAL POSITION								
CURR ASSETS VS CURR LIAB	2.04	2.48	1.96	2.38	2.01		1.90	2.09
LIABILITIES VS NET WORTH	0.43	0.30	0.40	0.27	0.32		0.60	0.42
DEBT VS EQUITY	0.62	0.24	0.62	0.24	0.21		0.88	0.23
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	22637.63	23906.22	23302.49	25594.91	20380.77		22311.58	22178.33
PAYROLL/ADMIN EMPLOYEE	27951.51	28254.62	29408.24	34803.75	27349.06		25178.83	15631.98
PAYROLL/SALES EMPLOYEE	27556.69	25251.09	27427.85	28126.30	54532.05		27225.48	19026.49
PAYROLL/EMPLOYEE	23859.91	24659.42	24563.47	27067.22	23120.15		23195.20	20611.19
PREPRESS % OF FACT PAYROLL	11.21	11.07	11.91	11.40	11.62		10.40	11.29
PRESS % OF FACTORY PAYROLL	30.23	26.64	31.01	27.65	38.81		27.86	21.21
COLL. OPER. % OF FACT. PAY.	17.23	18.34	18.15	19.90	20.68		15.63	15.53
GEN. BINDERY % OF FACT. PAY.	5.62	5.59	4.32	3.87	7.19		6.89	8.14
OVERTIME WAGE % OF FACT. PAY.	4.08	4.10	4.31	4.34	1.99		4.37	4.62
TAXES AND BENEFITS								
TAX & BENE/FACTORY EMP.	4582.41	4880.06	5111.50	5385.99	3419.93		3821.90	4114.47
TAX % BENE/ADMIN EMP.	5612.32	5826.57	6325.24	6880.62	4627.49		4112.23	3018.27
TAX % BENE/SALES EMP.	4690.16	4410.60	5086.53	5200.71	3419.48		3712.11	4506.14
TAX % BENE/EMPLOYEE	4726.57	4977.00	5258.49	5495.32	3838.27		3831.85	3851.30
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	14.05	15.05	15.11	16.76	13.15		13.93	15.41
DAYS RAW MAT. IN INVENTORY	46.15	43.85	50.08	45.81	55.30		41.39	50.34
COLLECTION DAYS OF RECEIV.	45.14	48.60	44.88	48.67	39.98		43.71	42.04
INVESTMENT								
NET WORTH % OF FIXED ASSETS	108.43	150.87	121.21	146.49	167.07		72.74	145.39
AVG PLANT INVEST/FACT EMP.	57724.09	61882.67	55690.12	71629.32	44221.47		61931.25	42413.32
PROFIT								
GROSS PROFIT % OF SALES	22.42	25.97	25.79	29.98	19.82		18.72	22.33
INCOME BEFORE TAX % OF SALES	6.84	12.29	8.20	14.13	6.50		3.49	8.07
PROFIT % OF NET WORTH	24.72	34.49	30.03	35.63	17.63		11.83	27.52
CASH FLOW (ROI)	9.91	13.22	10.63	13.71	10.50		8.34	10.82
RETURN ON INVESTMENT	9.38	17.06	11.50	17.91	9.86		4.42	10.75

*Insufficient Data

III. KEY RATIOS

THIRTEEN KEY RATIOS

	All Firms	Leaders
Net Income to Net Sales	8.3	11.6
Net Income to Net Worth	30.0	34.8
Net Income to Total Assets	15.9	21.7
Net Sales to Total Assets	1.9	1.8
Collection Days of Accts. Receivable	48.8	50.1
Net Sales to Fixed Assets	4.6	4.8
Net Sales to Net Worth	3.6	3.0
Current Liabilities to Net Worth	0.4	0.3
Total Liabilities to Net Worth	0.9	0.6
Total Assets to Net Worth	1.9	1.6
Current Assets to Current Liabilities	2.3	2.5
Net Sales to Working Capital	6.3	5.6
Inventory to Working Capital	0.6	0.5

SIGNIFICANCE OF KEY RATIOS

Profitability Ratios

Net Income to Net Sales	A primary ratio. Measures a company's ability to generate adequate profit on each dollar of sales. A key element in Return on Equity. CALCULATION: Net operating Profit -- or Loss -- divided by Net Sales, Multiplied by 100.
Net Income to Net Worth	The Return on Equity ratio. Measures a company's ability to produce adequate profit on owners' investment in the business and to expand net worth for future sales growth. Determined by interaction of (1) ratio of net profit to net sales and (2) ratio of net sales to net worth. CALCULATION: Net Operating Profit -- or Loss -- divided by Net Worth, multiplied by 100.
Net Income to Total Assets	One definition of Return on Investment, but more appropriately called Return on Assets. Measures a company's ability to earn an adequate profit on assets employed in the business. Determined by interaction of (1) ratio of net profit to net sales and (2) ratio of net sales to total assets. CALCULATION: Net Operating Profit -- or Loss -- divided by Total Assets, multiplied by 100.

Asset Utilization Ratios

Net Sales to Total Assets	The asset utilization ratio. Measures a company's ability to generate adequate sales on the assets employed in the business. Summarizes combined efficiency of (1) collection period of accounts receivable, (2) ratio of costs of goods sold to inventory, and (3) ratio of sales to fixed assets. CALCULATION: Net Sales divided by Total Assets.
Collection Period of Accounts Receivable	A primary ratio. Measures a company's control of accounts receivable in relation to sales. A key element in asset utilization. CALCULATION: (1) Net Sales divided by 365 equals Average Daily Net Sales; then (2) Accounts Receivable divided by Average Daily Net Sales equals Collection Period of Accounts Receivable.

Net Sales to Fixed Assets	A primary ratio. Measures a company's ability to generate adequate sales in relation to its investment in plant, equipment, and other fixed assets. Also a key element in asset utilization. CALCULATION: Net Sales divided by Fixed Assets.

Investment Adequacy Ratios

Net Sales to Net Worth	A primary ratio, sometimes called the trading ratio. Measures adequacy of owners' investment in the business in relation to level of sales activity. CALCULATION: Net Sales divided by Net Worth.
Current Liabilities to Net Worth	Shows stake of current creditors (suppliers, banks and others) in the business, versus amount of investment by the owners. CALCULATION: Current Liabilities divided by Net Worth.
Total Liabilities to Net Worth	Measures proportion of funds from all creditors (both current and long-term) against investment by owners. Determined by interaction of (1) ratio of net sales to net worth and (2) ratio of net sales to total assets. CALCLULATION: Total Liabilities divided by Net Worth.
Total Assets to Net Worth	Measures relationship between total assets and net worth. Serves function similar to ratio of total liabilities to net worth, but has been retained to preserve continuity with previous reports. CALCULATION: Total Assets divided by Net Worth.

Working Capital Ratios

Current Assets to Current Liabilities	The current ratio. Measures a company's ability to meet day-to-day obligations within terms and to withstand possible write-downs of accounts receivable or inventory. CALCULATION: Current Assets divided by Current Liabilities.
Net Sales to Working Capital	Measures adequacy of company's working capital (the excess of current assets over current liabililties) to support level of sales activity. CALCULATION: (1) Current Assets minus Current Liabilities equals Working Capital; then (2) Net Sales divided by Working Capital equals ratio of Net Sales to Working Capital.

Inventory to Working Capital	Measures proportion of company's working capital vulnerable to slow movement or write-down of inventory. CALCULATION: (1) Current Assets minus Current Liabilities equals Working Capital; then (2) Inventory divided by Working Capital equals ratio of Inventory to Working Capital.

IV. COST OF PRODUCTION ANALYSIS

The overall ratios in this report and the individual ratios mailed to each participant all set the value of sales equal to 100 and analyze costs and profits as a percentage of that value. Because the different distribution channels and product specialties in this industry can create sharply different costs of sales and gross profit percentages, the real differences are not always apparent.

Another way to look at the results is on a cost of production basis. In this analysis the total cost of production is set equal to 100 and the line items which comprise it are computed as percentages. In many cases this analysis gives the best comparison of manufacturing efficiencies.

The following table provides a cost of production analysis for the overall sample and by sales volume, distribution channel, and main product line.

COST OF PRODUCTION ANALYSIS

	Materials						
	Paper	Carbon	Other	Total Materials	Factory Payroll	Other Factory	TOTAL
ALL FIRMS	46.9	5.0	10.0	61.9	25.6	12.5	100.0
Leaders	45.3	5.2	12.2	62.7	25.5	11.8	100.0
By Company Size							
Under $3 million	42.0	4.5	12.2	58.7	27.1	14.2	100.0
$3-$8 million	42.7	4.7	11.0	58.4	27.3	14.3	100.0
$8-$15 million	43.2	4.4	10.5	58.1	27.7	14.2	100.0
Over $15 million	45.7	5.0	11.7	62.4	25.3	12.3	100.0
By Distribution Channel							
Direct	43.7	5.7	15.1	64.5	24.5	10.9	100.0
Indirect	46.2	3.8	4.8	54.8	29.7	15.5	100.0
By Product							
Direct							
Custom Continuous	42.8	3.6	15.9	62.3	26.6	11.1	100.0
Unit Sets	35.3	6.3	10.5	52.1	32.0	15.9	100.0
Mixed Product	42.3	5.0	15.1	62.4	26.1	11.5	100.0
Indirect							
Custom Continuous	43.3	3.2	5.0	51.5	33.3	15.2	100.0
Unit Sets	47.4	5.9	2.7	56.0	27.9	16.1	100.0
Mixed Product	44.3	4.4	4.7	53.4	28.8	17.8	100.0

V. VALUE-ADDED ANALYSIS

Another way of examining the ratios is to separate the cost of items the company buys from what the company puts into the finished product, i.e., value added. Value added is the reflection of management's ability to successfully produce and sell the company's products. It is value added, not sales, that enables companies to meet the payroll, invest in equipment, and generate working capital for growth. In short, value added is what the company is all about.

	All Firms		Profit Leaders*	
Sales	100.0		100.0	
Materials	44.3%		42.2%	
Value Added	55.7%	100.0	57.8%	100.0
Factory Payroll		32.6%		29.5%
Factory Expense		15.9%		13.5%
Admin. Expense		14.1%		15.0%
Selling Expense		21.7%		22.7%
Operating Profit		15.8%		19.4%

As the above results illustrate, suppliers take about 44% of the average firm's sales dollar, leaving 56% of that dollar within management's control. Of course, that share varies among companies, often depending upon product line.

After product line differences, the next major difference in value added comes from distribution channel, since direct-selling companies retain all of the value added that distributor-based companies must share with the distributor.

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* Companies with pretax return on sales of 8% or better.

APPENDIX A

USING THE RATIO STUDY

USING THE RATIO STUDY

The Ratio Study provides useful, perhaps invaluable, information on how a group of different companies have performed under a variety of conditions. Proper analysis of these ratios can provide your company with money-saving, profit-making ideas. Improper use of the ratios can lead to disaster.

The Key to Successful Use of the Ratio Study is to Recognize That There Will be Differences Between Your Company and the Ratio Averages.

These differences are because of the products you sell, the way you market, or the size of your operation. Other differences exist because of the way you have organized your company and directed its resources to getting the job done. The different arrays in the Ratio Study help to take these things into account. These are the differences you ought to be looking for in the ratios.

The Law of Exception states that the key to controlling your company is identifying the differences between your firm and the industry and then determining why your firm is an exception.

Observe the Rules for Ratio Analysis.

Any analysis of the ratios should go beyond the numbers themselves; it should include a look at the numbers that go into computing the ratio, as well as the formula for computation. The following rules should help you avoid being misled by the numbers.

- Compare like items and numbers. Make sure that your accounts follow the IBFI Chart of Accounts so that each line item is comparable to the ratio averages. This chart of accounts is included at the end of the book.

- Analyze all substantial deviations from the norm, both highs and lows. There are two messages in this rule. The first is not to squander time on small differences. You might want to limit analysis to only those items where you are some percentage, like 25% for instance, higher or lower than norm. The second point is to look at both highs and lows. Many ocmpanies tend to look at only the items where they exceed the ratios, forgetting that low items may point to some strength that could be used to advantage.

- Ignore isolated numbers. Look at more than one ratio before coming to any conclusions.

- When investigating a particular ratio, look at both the numerator and the denominator. A ratio is made up of one number divided by another, either one of which could be the source of the deviation.

- Recognize compensating advantages. Salaries and benefits to owners of closely-held companies, for instance, may be higher than those paid to managers of publicly-held companies while profits may be lower.

- Consider seasonal variations. The industries you serve may have a different cycle than the norm.

- Critically review trends. Look at the direction of changes in your ratios over a number of years, not just a single year.

- Be aware that financial statement figures may be misleading. Remember that assets on the balance sheet are valued at their book, as opposed to market values, and that accounting income is not the same as actual income (due to the distortions introduced by the depreciation rules and other factors).

- Lastly, do not restrict the analysis of your company to ratio analysis. Ratio analysis is just one tool for assessing a company's performance. It should be supplemented by other tools, such as cash flow analysis and market research.

Consider Several Sources When Investigating Differences Between Ratios. Any of a number of factors may be the source of a difference between your company's figure and the industry standard for a particular ratio. The most likely sources are the following:

- Product Complexity -- Generally, increasing product complexity means higher value added. It could also explain why some cost centers, where the complex work is done, are higher than average while others are lower. More complexity may also require higher capital investment, more highly skilled, higher paid people, or more working capital.

- Manufacturing Capabilities -- The resources that a firm has available in terms of equipment and people not only impact the levels of costs and investment but also may account for different distribution of costs among various cost centers.

- Production Management -- The way a company has organized its resources and its approach to each particular job affects value added, profitability, working capital requirements -- in fact, just about every ratio there is.

- Markets Served/Market Strategies -- Marketing decisions affect the kind of work that comes in, how well it fits the company's capabilities, how profitable it will be, and even how the product will be made. Marketing strategies will also impact on working capital requirements and capital investment decisions.

Take a Constructive Approach to Analysis of the Ratios.

Once you are sure of the numbers behind the differences, the hardest task is figuring out the reasons for these differences in a constructive way. That means not making qualitative judgements about whether the differences are good or bad and especially not putting anyone on the defensive.

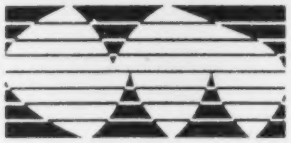
A well-regarded forms executive described his very simple approach to the ratios. He grouped his various cost centers according to the ratio chart of accounts. He then removed his company's information from the ratio averages. (A simple process, since the ratios are unweighted averages. Simply multiply the published ratio by the number of firms, subtract your ratios from that result and divide by the number of firms minus yours.) He compared the results to find any that differed from his, even in different size companies. Then he tried to figure out why or how the differences occurred.

The managers in his company with the responsibility for each cost center were given his facts and analyses of the results, but were not put on the defensive. He described the process as kind of a game which resulted in a healthy approach to improvement, better efficiency, and sometimes lower costs.

APPENDIX B

IBFI CHART OF ACCOUNTS AND RATIO STUDY QUESTIONNAIRE

International Business Forms Industries, Inc.



STANDARD CLASSIFICATION OF ACCOUNTS FOR BUSINESS FORMS COMPANIES

I. **Net Sales** -- The balance of Gross Sales for the period less Cash Allowances and Sales Discounts Earned is Net Sales.

A-E. **Business Forms Manufactured and Sold** -- Net sales of forms and printed products manufactured in your plant. Report separately the sales made through dealers and other manufacturers and the sales made directly to consumers.

G. **Forms Manufactured in Their Entirety by Others** -- Net sales of all forms sold by your company without further processing in your plant.

H. **Services and Other Products** -- Net sales of all non-printed products whether manufactured by your company or purchased for resale; and receipts for services provided and billed for such as inventory management, warehousing, systems design, etc.

II. **Employee Breakowns**

Classifying Employees:

Factory includes prepress personnel, machine operators and helpers, bindery personnel, maintenance and janitorial personnel, and any clerical staff that are concerned solely with production, e.g. production clerk-typists, production schedulers, inventory clerks, expediters, quality control and the like.

Administrative includes all executives or officers active in the business, their secretaries, all accounting personnel, receptionists/switchboard staff, all data processing personnel, all purchasing personnel, general file clerks, all employees of the personnel department, finished goods inventory personnel, and credit department.

Sales includes all salesmen, sales and/or marketing managers, any advertising personnel, sales service personnel, estimators, order writers, any clerical personnel assigned to the sales department and all shipping and delivery personnel.

Split duties: Personnel whose duties put them into more than one of the above categories should be split up according to a rough estimate of time, e.g. 1/3 to sales and 2/3 to production. Part-time employees should be counted as a fraction, e.g. 1/2 if an employee works a 20-hour week. Any employees who are considered to be full-time but are temporarily on short hours due to market or similar conditions should still be counted as full-time.

Operating Statement

Item

1 **VALUE OF PRODUCTION** -- Business Forms Manufactured and Sold.

Work in Process and Finished Goods ... Beginning of Period ... End of Period -- The inventory of work in process and finished goods at the beginning of the period is deducted from Net Sales, and the inventory of work in process and finished goods at the end of the period is added, to obtain the Value of Production for the period.

Direct Materials Used

2 Paper -- Including Carbonless Paper and Freight Expense -- Do not decrease the cost of paper by sale of scrap and plates. These proceeds should be included in other income (line 51).

3 Carbon Paper -- Includes freight expense. Include here the direct cost of carbon paper manufactured for your own use.

Item

4 Other Direct Materials -- Trade composition, binding, ink, cartons and other materials.

5 Outside Finished Products -- Cost of forms manufactured in their entirety by others and sold without further processing in your plant.

These accounts (items 2 through 5) adjusted for changes in raw material inventory, summarize the cost value of materials and outside purchases chargeable to customers or used to increase finished goods or work-in process inventories during the period.

Factory Payroll

7 Supervisory Salaries -- This account will be restricted to the compensation earned by the following factory personnel: Plant manager, plant supervisor and foreman (restricted to the following direct department foremen), prepress foreman, press foreman, collator foreman, and general bindery foreman, and an allocation of compensation earned by executives for time devoted to factory production, and to preparation and scheduling thereof.

Wages-Direct -- This account shows wages, to include vacations, holidays, sick pay, and overtime premiums paid to factory employees (including apprentices and helpers) directly engaged in production. The category has been broken down as follows: (See Item II, Employee Breakdowns, for classification of employees).

8 Prepress -- Artists, designers, strippers, hot and cold typesetters, camera operators, plate makers, and other preparatory department employees.

9 Press -- Press operators and helpers.

10 Collator Operators -- Roll collator operators and helpers.

11 General Bindery -- Operators of tippers, drills, stitchers, paper cutters, film or shrink-wrapping machines wrappers, and packagers (do not include general shipping room labor when engaged only in placing product in the carton), belt folders, interleavers, and padders.

12 Total Paid to Direct Employees -- The total direct wages paid to employees including overtime amounts shown in item 13.

13 Direct Employee Overtime Wages -- Includes overtime and premium time pay. These amounts are to be included in item 12 above.

14 General Factory Salaries and Wages -- This account will be restricted to the wages of all factory employees other than those covered under supervisory salaries, wages direct, packing and shipping, and delivery wages. Wages should include compensation for vacations, sick leave, holidays, bonuses, and overtime premiums. Examples of employees in this category will be as follows: Warehouse and material handlers, baler operators, maintenance (plant and machine), janitorial help, watchmen, foreman of any nondirect labor department, secretaries to factory supervisors, production clerk/typists, order editors, production planners, production schedulers, production control, inventory clerk (raw materials), expeditors, change coordinators, job ticker and negative file clerks, quality control, and industrial engineers.

15 Packing, Shipping, and Delivery Wages -- This account includes shipping clerks, traffic and routing clerks, packers (not to be confused with packagers which are included in the direct wage account, general bindery), truck drivers, and shipping department foremen.

16 Payroll Taxes (Federal, state, local) -- This account is charged with government taxes for retirement, unemployment benefits, etc.

Item

17 Employee Benefits -- This account is charged with premiums or other expense of disability or sick benefit insurance or plans, life insurance, pension, retirement or profit-sharing plans, etc. as they cover factory employees.

18 Total Payroll -- does not include iine 13.

FACTORY EXPENSES

Factory Fixed Expenses -- Only those which relate to manufacturing facilities.

19 Occupancy Expense -- Rent, heat, utilities, leasehold improvements, building depreciation and amortization, and building maintenance.

20 Insurance -- Real estate, property, and strike insurance.

21 Taxes -- Real estate and property.

22 Depreciation -- Current charge to accumulated depreciation accounts of fixed assets. Payments for rent or lease of machinery or equipment are, for purposes of this report, included as depreciation. (See Balance Sheet definitions, Fixed Assets)

23 Total Factory Fixed Expenses

24 Other Factory Supplies and Expenses

Prepress Supplies and Expense -- Film plates, chemicals, parts, repairs, etc.

Press Supplies and Expense -- Numbering machines, recovering rollers, fountain solutions, blankets, punches, dyes, perf wheels, parts, repairs, etc.

Collator Supplies and Expense -- Includes glue, perf rules, parts, repairs, etc.

General Bindery Supplies and Expense -- Supplies, boxes (not cartons), film wrap, staples, twine, etc.

Packing and Shipping Materials and Supplies -- Include freight cost in item 46.

26 FACTORY COST OF PRODUCTION -- This item is the sum of the Material Used, Factory Payroll, and Factory Expenses items noted above.

27 GROSS PROFIT - FORMS MANUFACTURING -- The credit remaining after deducting Factory Cost of Production from Value of Production - Forms Manufacturing.

OTHER OPERATIONS

Many predominantly business forms companies manufacture, and or sell other products and services. The sales value and costs of these other operations should not be included in the report on forms manufacturing activities. Alternately, the administrative and selling expenses incurred in these other activities often cannot be logically separated from the forms operation. This is also especially true of reporting the financial position on the balance sheet.

Item

For those companies which cannot logically separate these operations, the IBFI Standard Classification provides a standardized treatment of these items so that the ratios of all companies are roughly comparable.

28 Value of Other Products and Services -- Net sales (Item I. H) adjusted for changes in work in process and finished goods inventories.

If the value of these other products or services are included in the price of forms, (and therefore within Items I. A through E), and they are substantial enough to understate your Cost of Forms Manufacturing ratios, some separation from the sales and costs of forms is desirable. The Chart of Accounts recommends computing the Value of Other Products and Services by applying a reasonable or representative mark-up to the cost of producing or providing these products or services. Be sure that this computed Value of Other Products or Services is not also included in Item 1, Value of Production - Forms Manufacturing or in Item I. F, Business Forms Sales.

29 Cost of Other Products and Services -- The direct costs, excluding administrative and selling expenses, of producing or providing these other products or services.

30 Gross Profit - Other Products and Services -- The credit remaining after deducting costs from the value of these other operations.

31 Gross Profit - All Operations -- Item 27 plus Item 30. The ratio for Gross profit - All Operations and all following ratios are computed as a percent of Total Value of All Products and Services (Item 1 plus Item 28).

Administrative Expenses

32 Administrative Expenses - Salaries, Executive - Includes total compensation paid to President, Treasurer, all officers active in the business, General Manager, Administrative Assistants, Controller, Accounting Supervisor, Credit Manager, Data Processing Supervisor, Director of Purchases, and Director of Personnel. If an executive spends a portion or all of his time in such areas as sales, or general plant superintendent, his salary should be allocated to those cost centers based on the percentage of time expended in each area.

33 Salaries, Office -- Includes office personnel such as secretaries to administrative executives, purchasing agent, billing clerk, bookkeeper, general file clerk, switchboard operator, data processing personnel, office manager, and finished goods inventory clerk.

34-35 Payroll Taxes - Employee Benefits -- These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to Administrative Employees.

36 General Office Expense -- This account covers all of the various general expenses such as office supplies and services (towels, minor repairs to office machines, etc.), stationery, postage, telephone and telegraph, legal and accounting fees, donations, dues, fees, and expenses of membership in trade and other associations (not primarily for selling), travel expense (not primarily for selling), space or occupancy expense, etc.

Item

37 Bad Debts -- This account provides for losses on uncollectible accounts. Some firms also include cost of credit reports, and collection expenses such as legal fees, court costs, etc.

Selling Expenses

39 Selling Expenses - Salaries, Executive -- Includes compensation to sales managers who do not primarily solicit sales, direct or dealer, marketing manager, sales trainer, sales administrator, sales promotion manager, advertising manager, and sales service manager.

40 Salaries and Commissions, Salesmen -- This account is charged with salesmen's salaries and commissions in connection with selling.

41 Sales, Sales Office Clerical -- Includes salaries of the estimator, sales service personnel, secretaries and stenographers working with sales, and order writers.

42-43 Payroll Taxes - Employee Benefits -- These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to Sales Department Employees.

44 Travel and Entertainment Expense -- Travel and miscellaneous expenses (such as entertainment of customers and prospects) are charged to this account.

45 General Selling Expense -- Space or occupancy expense, office supplies, telephone, etc.

46 Shipping and Delivery Expense -- This account includes such items as freight, express, parcel post, outside delivery services, etc. Report the net expense after delivery to the customer, i.e., the total difference between the amounts billed to the customer and the amounts paid for transportation expense to the customer.

47 Advertising -- Charge to this account the cost of mailing lists bought or compiled; the expense of preparing, printing, and mailing the firm's advertising; the cost of newspaper, radio or television advertising or promotion; directory, novelty, and other forms of advertising.

50 OPERATING INCOME OR LOSS -- This is the credit (Operating Profit) that remains after subtracting Total Administrative and Selling Expenses from Gross Profit. If the expenses exceed the Gross Profit, the difference is an Operating Loss.

Other Income and Expense

51-52 Other Income -- Include sale of scrap and plates in item 51.

54-55 Other Expense -- This category breaks out separately interest expense and miscellaneous other expenses.

57 Net Other Income or Expense -- This is the net difference between Other Income and Other Expense. If the net balance is Income, it is, of course, added to Operating Income; if the net balance is Expense, it is deducted from Operating Income.

58 NET INCOME OR LOSS (before Income Taxes)

Item

BALANCE SHEET

ASSETS

Current Assets

100 **Cash** -- This account shows cash in bank and on hand.

101 **Notes and Accounts Receivable** -- This account shows as a balance the face value of all notes and outstanding charges held against others.

102 **Allowance for Bad Debts** -- This makes provision for possible losses from uncollectible customers' accounts.

104-108 **Inventories** -- Raw Materials, Finished Products, Work in Process, and Other Inventories.

109 **Other Current Assets** -- Shows other current assets not already listed, such as prepaid expenses, etc.

Fixed Assets

111 **Real Estate, Land, Buildings** -- Represents the gross cost or value of these investments. For purposes of this report, leaseholder should capitalize their rental expense. In several states an acceptable formula is to multiply your annual rent by 8. The liability could be reported in item 98, long-term liabilities.

112 **Allowance for Depreciation on Buildings** -- Measures the estimated cumulative depreciation.

114 **Machinery and Equipment** -- Capitalize leases as in item 111.

115 **Allowance for Depreciation on Machinery and Equipment** -- Measures the estimated cumulative depreciation.

117 **Other Fixed Assets** -- This account shows all other fixed assets not listed above.

118 **Allowance for Depreciation on Other Fixed Assets** -- Measures the estimated cumulative depreciation.

121 **Other Assets** -- Covers any other assets not listed above.

LIABILITIES

Current Liabilities

123 **Notes Payable Within One Year** -- This account shows obligations of the business, such as negotiable paper or other written promises, which the firm is to pay within one year.

124 **Accounts Payable** -- Shows the liability of the business for the total of balances owed creditors and due currently.

125 **Other Current Liabilities** -- This account shows all other obligations payable within one year.

Item

127 Long-Term Debt -- This account shows long-term obligations of the business, in excess of one year (do not include current portions of debt).

128 Other Long-Term Liabilities -- Such as deferred taxes and deferred income.

131 NET WORTH -- This account equals total assets minus liabilities. It includes any of these capital accounts:

Corporation Capital Stock, Issued and Outstanding -- This account represents the aggregate par or stated value of the original and subsequent investments made by stockholders in the Common or Preferred Stock of a corporate form of business, less any subsequent redemptions.

Corporation Surplus and Undivided Profits (Retained Earnings) -- This account, usually found only on the books of a corporation, shows the cumulative earnings of the business not distributed as dividends and not specifically reserved for some definite purpose.

Proprietary Capital (Individual Proprietorship or Partnership) -- This account shows the present net worth or net capital of the individual proprietorship or partnership form of business.

CLASSIFYING EMPLOYEES

Part-Time Employees

One of the important facts shown in the IBFI Ratio Study is the number of full-time employees in the average firm. This is the basis for computing the highly significant Pay per Employee, and Production or Sales per Employee.

It is necessary, therefore, that your listing of the number of employees in your firm be reasonably accurate. Note that the information requested is the average number of *"full-time"* employees.

If your firm has a substantial number of part-time employees you should count them as a proportionate number of full-time employees. For example, if you have 20 part time employees who work an average of 3 months (¼ of a year), they would be equivalent (¼th of 20) to 5 full-time employees.

Split-Time Employees

It is also important that employees be classified correctly as between Factory, Administrative (office), and Selling. There are some employees whose functions overlap into two or more of these areas. For any employees, especially Executives, whose time and effort are divided between Factory (Production), Administrative and/or Selling, accuracy requires that their salaries or wages be split or apportioned accordingly.

If only a minor amount of the executive's or employee's time is split, he should be classed, and his entire wage or salary apportioned to his predominant function – Factory, Administrative, or Selling. Where a split is indicated, a reasonable estimate of the split or apportionment is all that is necessary. The same rule applies to allocating production employee time between departments or jobs.

Split-Time Employees - continued

Estimators: If their function is primarily to prepare estimates for sales purposes, they should be classed as Selling Clerical. If their time is split between preparing sales estimates (Selling), checking Job Cost Sheets and preparing them for billing (Administrative), and/or compiling production records and standards (Factory), their time (salaries) should be split and apportioned accordingly.

Production Control or Scheduling: Employees who schedule and follow jobs through production to completion and delivery, should be classed as General Factory regardless of whether the work is done in the plant or in the office.

Sales Expediters. Employees whose primary job is to take over from salesmen the details of job preparation (ordering art work, photos and photo-engraving, maintaining customer contact for copy, proofs, etc.), should be classed as Selling Clerical. If they also follow jobs through the plant for production or production scheduling (Factory), their time (salaries) should be split accordingly between Selling Clerical and General Factory.

Purchasing Agents: Employees who specify and order paper, ink, and other Materials and Factory Supplies, should be classed as General Factory.

In Classifying employees, the *function* of the employee is the important consideration, not where the work is performed. Where doubt exists as to classification or split, preference should be given first to Factory, then to Selling, and finally to Administrative.

Proprietor's and Partner's "Salaries"

Proprietors or Partners should always include in their expenses of the business an adequate "salary" for their services, even if it is not actually drawn regularly. Otherwise, the real comparable profits of an unincorporated business may be grossly overstated. Of course, these "salaries" must later be deducted from expense in making tax returns. But they should be included in the expenses shown in IBFI Ratio reports from proprietorships and partnerships.

These Proprietor's or Partner's "salaries" should always be apportioned between Factory, Administrative and Selling according to reasonable estimates of time spent on each of these phases of the business, as explained above.

Copyright, 1982, International Business Forms Industries, Inc.
2111 Wilson Boulevard
Arlington, Virginia 22201

FISCAL YEAR 1987

OPERATING COST SCHEDULE FOR BUSINESS FORMS COMPANIES

International Business Forms Industries, Inc.
2111 Wilson Boulevard
Arlington, Virginia 22201

Fiscal year ended _____

PLEASE!

Company code _____

Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

Zip code _____

Number of plants covered by this report _____

READ THE DEFINITIONS BEFORE COMPLETING THIS REPORT
COMPLETED QUESTIONNAIRES SHOULD BE RETURNED NO LATER THAN
MARCH 31, 1988

	To Dealers		To Consumers		Total
I. Sales by Product and Distribution					
Business Forms:					
A. Continuous Custom	$	+		= $	
B. Continuous Stock	$	+		=	
C. Unit sets		+		=	
D. Sales/manifold books		+		=	
E. Commercial printing and other forms		+		=	
F. **Total products manufactured** *(sum of A-E)*	$	+		= $	
G. Forms manufactured in their entirety by others		+		=	
H. Services and other products		+		=	
I. **Total Sales** *(sum of F-H)*	$	+		= $	

II. Employee break-downs *(numbers of all paid employees including executives, partners, or owners)*:

J. Factory *(average)* _____

K. Administrative *(average)* _____

L. Sales Department *(average)* _____

M. Total employees *(sum of J-L)* _____

III. Average Order Size—number of sets in an average order *(check one)*:

☐ Under 10M ☐ 10-25M ☐ 26-50M ☐ 51-100M ☐ Over 100M

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

FORMS MANUFACTURING

	Omit Cents	Omit Cents
Computation of Value of Production—Forms Manufacturing		
Net sales for latest fiscal year *(item F from page 1)*		
Less work in process and finished goods, beginning of year balances		
Add work in process and finished goods, end of year balances		
1a. Value of products manufactured		
1b. Outside purchases *(item G from page 1)*		
1. **Value of Production—Forms Manufacturing** *(1a. plus 1b.)*		
Cost of Production:		
Materials:		
2. Paper		
3. Carbon		
4. Other *(trade composition, binding, ink, carbons)*		
5. Outside finished products		
6. Total materials used *(sum of items 2-5)*		
Factory Payroll:		
7. Supervisory salaries		
Direct Wages *(including overtime but not payroll taxes or benefits)*		
8. Prepress		
9. Press		
10. Collator Operators		
11. General binders		
12. Total paid to direct employees *(sum of items 8-11)*		
13. Direct employee overtime wages *(included in 12 above)*		
14. General factory salaries and wages		
15. Packing, shipping, and delivery wages		
16. Payroll taxes for all employees		
17. Employee benefits for all employees		
18. Total factory payroll *(sum of items 7, 12, 14, 15, 16, 17; exclude line 13)*		
Factory Fixed Expenses:		
19. Occupancy expense		
20. Insurance		
21. Taxes *(real estate, property)*		
22. Depreciation		
23. Total factory fixed expenses *(sum of items 19-22)*		
24. Other factory supplies and expense		
25. Total factory expense *(sum of items 23, 24)*		
26. Total cost of production *(sum of items 6, 18, 25)*		
27. Gross profit—Forms Manufacturing *(item 1 less item 26)*		

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

	Omit Cents	Omit Cents
OTHER OPERATIONS		
28. Value of other products or services *(item H adjusted for changes in inventories)*		
29. Cost of other products or services		
30. Gross Profit—Other Products or Services *(item 28 less item 29)*		
Forms Manufacturing and Other Operations		
31. Total Gross Profit—All Operation *(item 27 plus or minus 30)*		
Administrative Expenses		
32. Salaries, executive		
33. Salaries, office		
34. Payroll taxes		
35. Employee benefits		
36. General office expense		
37. Bad debts		
38. Total administrative expense *(sum of items 32-37)*		
Selling Expense		
39. Salaries, executive		
40. Salaries and commissions, salesmen		
41. Salaries, sales office clerical		
42. Payroll taxes		
43. Employee benefits		
44. Travel and entertainment expense		
45. General selling expense		
46. Shipping and delivery expense		
47. Advertising		
48. Total selling expense *(sum of items 39-47)*		
49. Total administrative and selling cost *(items 38 and 48)*		
50. Operating income (loss) *(item 31 less item 49)*		
Other Income and Expense *(Please be sure to put negative items in parentheses)*		
51. Gross proceeds from sale of scrap		
52. Other income		
53. Total other income *(items 51 & 52)*		
54. Interest expense		
55. Other expense		
56. Total other expense *(items 54 & 55)*		
57. Net other income (expense) *(item 53 less item 56)*		
58. Net income (loss) before income taxes *(item 50 plus or minus item 57)*		

(OVER FOR BALANCE SHEET)

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

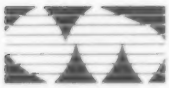
BALANCE SHEET
ASSETS

		Omit Cents	Omit Cents
Current Assets			
100.	Cash		
101.	Notes and accounts receivable		
102.	Less allowance for bad debts		
103.	Net receivables *(item 101 less item 102)*		
Inventories			
104.	Raw materials		
105.	Finished products		
106.	Work in process		
107.	Other inventories		
108.	Total inventories *(sum of items 104-107)*		
109.	Other current assets		
110.	Total current assets *(sum of items 100, 103, 108, 109)*		
Fixed Assets			
111.	Real estate *(land and building)*		
112.	Less allowance for depreciation on buildings		
113.	Net real estate *(item 111 less 112)*		
114.	Machinery and equipment		
115.	Less allowance for depreciation on machinery and equipment		
116.	Net machinery and equipment *(item 114 less item 115)*		
117.	Other fixed assets		
118.	Less allowance for depreciation		
119.	Net other fixed assets *(item 117 less item 118)*		
120.	Total fixed assets *(items 113, 116, 119)*		
121.	Other assets		
122.	Total assets *(items 110, 120, 121)*		

LIABILITIES AND NET WORTH

Current Liabilities			
123.	Notes payable within one year		
124.	Accounts payable		
125.	Other current liabilities		
126.	Total current liabilities *(sum of items 123-125)*		
127.	Long-term debt		
128.	Other long-term liabilities		
129.	Total long-term liabilities *(sum of items 127 and 128)*		
130.	Total liabilities *(sum of items 126 and 129)*		
131.	Total net worth *(item 122 less 130)*		
132.	Total liabilities and net worth *(sum of items 130 and 131)*		

NAME OF PERSON TO CONTACT IN CASE OF QUERIES _____



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